SENATE

WEDNESDAY, APRIL 26, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Reed
Ashurst	Costigan	Kendrick	Reynolds
Austin	Couzens	Keyes	Robinson, Ark.
Bachman	Cutting	King	Robinson, Ind.
Bailey	Dickinson	La Follette	Russell
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McAdoo	Stephens
Borah	Fletcher	McCarran	Thomas, Okla.
Bratton	Frazier	McGill	Thomas, Utah
Brown	George	McNary	Townsend
Bulkley	Glass	Metcalf	Trammell
Bulow	Goldsborough	Murphy	Tydings
Byrd	Gore	Neely	Vandenberg
Byrnes	Hale	Norbeck	Van Nuys
Capper	Harrison	Norris	Wagner
Caraway	Hastings	Nye	Walcott
Carey	Hatfield	Overton	Walsh
Clark	Hayden	Patterson	Wheeler
Connally	Hebert	Pittman	White
Coolidge	Johnson	Pope	

Mr. BACHMAN. I desire to announce the absence of my colleague [Mr. MCKELLAR] by reason of the death of his brother, Mr. R. L. McKellar.

The VICE PRESIDENT. Ninety-one Senators having answered to their names, a quorum is present.

FUNCTIONS OF THE WAR DEPARTMENT (S.DOC. NO. 44)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of War, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report showing the functions and activities conducted under the jurisdiction of the War Department, the statutory authority therefor, and the total expenditures thereon, and also a list of employees receiving compensation of $5,000 or more per annum (omitting military personnel), which, with the accompanying statements, was ordered to lie on the table and to be printed.

FUNCTIONS OF INTERSTATE COMMERCE COMMISSION (S.DOC. NO. 45)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Interstate Commerce Commission, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report showing the functions and activities conducted under the jurisdiction of the Interstate Commerce Commission, the statutory authority therefor, and the total annual expenditures of the Commission for the fiscal year ended June 30, 1932, and also a list of employees receiving compensation at the rate of $5,000 or more per annum, which, with the accompanying statements, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Appropriations:

STATE OF WISCONSIN.

Joint resolution relating to a reduction in the expenditures for prohibition enforcement

Whereas the people of the United States in the last general election registered their dissatisfaction with the policy of prohibition in a most emphatic manner and left no doubt of their wish for the repeal of prohibition; and

Whereas there is every reason to believe that the Seventy-third Congress will submit to the several States an amendment to the Constitution of the United States which will repeal the eighteenth amendment; and

Whereas $8,000,000 per year are now expended on the enforcement of prohibition, which represents a waste of public funds, particularly in view of the fact that the policy of prohibition will, in all probability, be completely abandoned in the near future: Therefore be it

Resolved by the assembly (the senate concurring), That the Legislature of Wisconsin hereby respectfully memorializes the Congress of the United States to reduce immediately the appropriations for the enforcement of the prohibition law by at least one half and to similarly reduce the number of prohibition agents and other Federal employees engaged in the futile attempt to enforce the prohibition law; be it further

Resolved, That properly attested copies of this resolution be transmitted to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was ordered to lie on the table:

STATE OF WISCONSIN.

Joint resolution relating to the ratification of the treaty between the United States and Canada for the construction of the St. Lawrence waterway and appropriation of money by Congress for the completion of said project

Whereas President Roosevelt has outlined and recommended to Congress a comprehensive plan for national legislation to provide a work program of construction projects of large proportions for the employment of labor and consumption of materials and thus substantially assist in the recovery from the existing economic conditions; and

Whereas there exists an executed treaty between the United States and Canada, subject to the ratification by the United States Senate, for the construction of locks and the deepening and improvement of the St. Lawrence River to provide deep-water navigation between the Great Lakes and the Atlantic Ocean, which project during construction will employ a vast amount of labor and materials; and

Whereas the opening of the St. Lawrence River to deep-water navigation and world trade will in a large measure restore and maintain the prosperity and growth of many States of the Union which were placed at a trade, transportation, and economic disadvantage by the opening of the Panama Canal, and will affect to their advancement and rehabilitation more than 40,000,000 of people of this Republic; and

Whereas such an emergency and economic crisis exists that immediate ratification of said treaty should be brought about and work upon said project be commenced:

Resolved by the assembly (the senate concurring), That Franklin D. Roosevelt, President of the United States, be, and he is hereby, respectfully requested to immediately urge upon the United States Senate the early ratification of the treaty between the United States and Canada for the construction of the St. Lawrence waterway, and that the President present to Congress his recommendation for an immediate appropriation of money sufficient to complete said project; be it further

Resolved, That properly attested copies of this joint resolution be forwarded to Franklin D. Roosevelt, President of the United States, Hon. KEY PITTMAN, Chairman of the Foreign Relations Committee of the Senate, and to the United States Senators and Representatives of this State.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate five petitions and a letter in the nature of a petition from sundry citizens in the State of Louisiana, also a letter in the nature of a petition from a citizen of the State of Texas, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate a memorial numerously signed, and four letters in the nature of memorials from sundry citizens, all in the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Mr. TYDINGS presented a resolution adopted by Dorchester Post, No. 91, the American Legion, Dorchester County, Md., favoring the construction of a sea-level canal to connect the Great Choptank River and Little Choptank River at or near Lloyds, in the Neck District of Dorchester County, Md., which was referred to the Committee on Commerce.

He also presented a resolution adopted by the Western Maryland National Farm Loan Association, Rockville, Md., favoring reduction in interest rates on farm mortgages, and also tax reduction, which was ordered to lie on the table.

He also presented a resolution adopted at a meeting held under the auspices of the Pampanga Civic Union, San Fernando, Pampanga, P.I., favoring the granting of immediate independence to the Philippine Islands, which was ordered to lie on the table.

REPORT OF THE JUDICIARY COMMITTEE

Mr. LONG, from the Committee on the Judiciary, to which was referred the bill (S. 687) providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla., reported it without amendment and submitted a report (No. 45) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 1536) giving credit for water charges paid on damaged land; to the Committee on Irrigation and Relcamation.

By Mr. WALCOTT:

A bill (S. 1537) for the relief of the Phoenix State Bank & Trust Co., successors to State Bank & Trust Co., formerly State Bank of Hartford, Conn.; to the Committee on Claims.

By Mr. HEBERT:

A bill (S. 1538) authorizing persons, firms, corporations, associations, or societies to file bills of interpleader, or bills in the nature of interpleader; to the Committee on the Judiciary.

By Mr. WAGNER:

A bill (S. 1539) to amend section 13 of the Federal Reserve Act, as amended, with respect to rediscount powers of Federal Reserve banks; to the Committee on Banking and Currency.

SUPERVISION OF FOREIGN SECURITIES—AMENDMENT

Mr. JOHNSON submitted an amendment intended to be proposed by him to the bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, and to any other bill providing for the supervision of foreign securities, which was ordered to lie on the table and to be printed.

RELIEF OF AGRICULTURE—AMENDMENTS

Mr. NORBECK and Mr. TYDINGS each submitted an amendment intended to be proposed by them, respectively, to House bill 3835, the farm relief bill, which were ordered to lie on the table and to be printed.

PAYMENT OF WORLD WAR ADJUSTED-COMPENSATION CERTIFICATES

Mr. ROBINSON of Indiana submitted an amendment intended to be proposed by him to the so-called "Thomas amendment" to House bill 3835, the agricultural relief bill, which was ordered to lie on the table and to be printed.

LAND-BANK LOANS—STATEMENT BY W. B. DOAK

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by a Virginia farmer, W. B. Doak, of Clifton Station, Va., who is a member of a land-bank loan association, setting forth his ideas on land-bank loans.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

LET COOPERATION UNTANGLE OUR "TANGLED WEB OF FARM FINANCE"

Assuming a false premise, we invariably arrive at wrong conclusions. Practically all dissertations on rural credits by business men, bankers, and even some who consider themselves agriculturists set a kodak too close to get the whole picture. One end or side of an animal is distorted or enlarged out of proportion because the photographer failed to get far enough back to gain the proper perspective. In other words, they begin with the state of mind and affairs at the time of the Federal Farm Loan Act (1916) while money lending had been encouraged and enabled by many pieces of State and Federal legislation to impose on farming for a century, and the National Bank Act of 1863 completely disqualified the farmers' best security—land—in obtaining loans. Meanwhile, all the land produced went at world-wide prices while city products were boosted by trusts and protected by tariffs.

The difference between these two ways of establishing values constitutes the wealth that built and fed our cities. Having thrown into these rapidly growing centers the labor of himself, his wife, and children, and the virgin forests and fertility of a continent, the farmer found himself in 1912 paying 8½ percent on a $6,000,000,000 mortgage on his land. This makes no allowance either for his or the tenant's loans, credit, or chattel mortgage. (See report from President Taft's Commission. Further and still stronger was the report of President Roosevelt's Country Life Commission.)

Some now say, with the Federal Farm Board and its Cooperative Marketing Act or other measures to help the farmer in mind, that nothing has been or can be done either for or against him. Only natural laws, supply and demand, govern. On the contrary, we find that even in legislation like the Federal Farm Loan Act, nominally for the farmers' welfare, vested and antagonistic interests have not only been introduced but given special privileges—witness the joint-stock land banks.

Let us approach this agrarian crisis and the bicentennial as George Washington would. Our industry, based upon land and its products, gave birth to the Nation, nurtured it in childhood, furnished the bulk of its exports—wheat, meat, cotton, timber, and tobacco—up to the Civil War, and still supplies (in proportion to men employed) more products to turn the balance of trade in our favor than any other. The "Father of his Country" was right when he wrote, "It will not be doubted that with reference either to individual or national welfare, agriculture is of primary importance." Let us beg of you to give serious and sincere consideration to the rest of his wise and patriotic injunction. "As nations increase in population and other circumstances of maturity, this truth becomes more apparent and renders the cultivation of the soil more and more an object of public interest." The trend in all times and peoples has been for cities to belittle, ignore, and override the country. Our Nation, as he foresaw, will prove no exception to the rule. Both sacred and profane history established beyond question the truth in his injunction.

Again he says, "I will spare no reasonable expense that will contribute to the improvement of my farms, for nothing pleases me better."

Lincoln declared, "If there be conflict between agriculture and other interests these other interests must yield because agriculture is of greater importance."

When great cities had come to be, as they thought, in their most independent position and best able to domineer over the land, its inhabitants, and products, such places were right then near their downfall. "When ye are gathered together in your cities, I will send the conqueror, I will send the pestilence, but I will remember the land." (Leviticus, ch. xxvi.) Let all who question this consider Tokio and Yokohama.

I could quote many more eminent philosophers, historians, and political economists, but we rest our case on George Washington, A. Lincoln, Lord Bacon, and Moses.

(Refer to series in Nation's Business, by Editor Thorpe, on "Our Tangled Web of Farm Finance.")

Having taken you back almost to Genesis, we will move our camera up to the point where national banks were created by ipse dixit of the Federal Government, giving private citizens a whole bunch of special privileges. First and worst, it bestowed on them a Government function, that of issuing money. Second, by allowing them to take money on deposit, the Government permitted them to charge borrowers 6 percent for what the bank paid Tom, Dick, and Harry nothing. Kept within bounds, this method of money lending is a measurably safe and very profitable business, but whoever knew Shylocks to keep within bounds? Where, when were lenders ever satisfied?

An English philosopher, Lord Bacon, declared that only "fertile fields, busy workshops, and easy communication" were essential to prosperity in state and nation. Athwart these currents of trade lies a sinister shadow, that of the professional banker manipulating price trends and markets by means of an asset currency, bank credits and exchange. "All that tread the globe are but a handful to the tribes that slumber in its bosom"—who farmed, wrought in metals and textiles—"went down to the sea in ships" to exchange products with other lands centuries before banks were organized or paper money thought of. We could still swap wheat and corn, cattle and hogs, wool and cotton for shirts and shoes, wire and wagons, any goods we need for our comfort or necessity without any circulation medium, be it gold, silver, or paper money. Federal Farm Board does exchange wheat for coffee. Yet we hear the banks have to carry the farmer! Bah! When this diagnosis is correct, we will find it necessary to cut out a cancer. No fair-minded person can follow for 25 years investigations ordered by Congress through both of its Banking and Currency Committees and lectures read them by Comptrollers of the Currency without being driven to the conclusion that professional banking is an outlaw. From the Pujo

Commission (when cross-questioning brought an admission from a prominent banker "there is no law we cannot overreach or outwit") down to this winter's overhauling by Senator GLASS' subcommittee, there has been constant and willful violation of laws enacted to protect investors and depositors. Although the Federal Reserve Act specifically forbade such use of reserve money, it developed that one member bank in New York had been allowed to use more Federal Reserve funds for gambling in stocks than all the banks west of the Mississippi River could get for legitimate purposes. The Bank of the United States flaunted in gold letters "Member of the Federal Reserve System" for 2 years after it was known to be both crooked and insolvent. Huge aggregations of the people's money, swelling the coffers of member banks in New York were used to speculate in foreign bonds and junior mortgages on domestic real estate until so inflated these were practically worthless. Then they were unloaded on little-town banks, through affiliates tempted by old 10 percent and inveigled into shady investments by pride and greed for big salaries. Meanwhile a million farms and farmers have been sacrificed on this altar of Mammon. Their little loans called, driving land, livestock and crop values nearly to the vanishing point.

In stating "bonds of Federal land banks and debentures of Federal intermediate credit banks are in good shape. But the obligations of many joint-stock banks are a reproach to the Government under whose iron-clad assurance they were first marketed", you make a fair comparison and pay cooperation and our national farm-loan associations a well-merited tribute. For both the farmer are cooperative while the joints are private, profit-seeking, stock-control banks and have been subject (as I predicted when thrust into our rural credit system they would be) to the customary manipulation and exploitation incident to the inherent temptations and vices with which high finance carries on the stock-control project.

In other respects your correspondent falls far short of painting a complete picture of this land-bank situation. You draw the inference that Government initiative and bureaucratic control are to blame for the joint-stocks having made such a bad record.

The investing public owes cooperation and our national farm loan association a vote of thanks and a square deal for having provided an investment both more stable and more profitable than that of even Government paper. No bondholder has ever had to wait on his Federal interest any longer than necessary to clip the coupon. Congress made each land bank responsible for all losses by the others. We farmers have in this way shouldered a burden equivalent to a Nation-wide guaranty of bank deposits. In other words, before the investor loses anything each farmer-member in the United States loses everything. We do not complain of this because this was in the law. We do object, however, to having losses to pay through our land bank of Baltimore taking in the foreign territory of Puerto Rico later without our knowledge and consent.

We, the National Farm Loan Association members, owners of the whole land-bank system, also insist on a reckoning for several million dollars of our farmers' money—not Government money—spent by men and in cities which never took a single share of stock in them. The Federal Land Bank of New Orleans could not do a thing for its farmers, drowned by the flood, but it misused nearly one half million dollars ($464,000) or more of farmers' money on a building in that city.

We call your attention to the United States Senate bill (S. 5542) introduced by Senator Hollis on May 12, 1914. The caption states that one of its objects is "to provide a method for applying Postal Savings deposits to the public welfare." There is no mention whatever made of joint-stock banks in this bill. By reading it you will be convinced that the joint subcommittee of Congress had reported out favorably a rural credit system entirely and purely cooperative. You are in error in having so influential an organ for publicity as the Nation's Business create an impression that private banking was first proposed by this committee of the Senate and House. There was not a baker's dozen in either House but were convinced by this time of the grave necessity for land-bank legislation. Many also felt the need of a national personal credits act. This bill would have passed that session of the Congress but for the lobbying and bitter opposition from money lenders. If it had got under way before the war, a still brighter chapter would have been written.

On January 5, 1916, Mr. Hollis introduced the bill S. 2986 with amendments. The "Postal Savings clause" had been stricken out and the joint-stook land banks introduced. This bill, as did the one of 1914, S. 5542, almost began with the National Farm Loan Associations. The very same heading was carried all the way through these years of controversy and agitation. Hence the common contention that we, the cooperators or farmers, butted into a previous organization in order to set up our National Federal loan associations and Federal land banks along with theirs is not in keeping with the facts. The advantages and the need of a Nation-wide, long-time, amortized farm-loan plan had been urged upon every known financial institution for at least 15 years. Farmers everywhere were plagued by forfeitures, renewals, exorbitant bonuses and fees, and double taxation with no real chance to pay out as we have under the amortization plan.

It is significant that the joint committee of Congress was unanimous in making its rural credits bill purely cooperative and that it continued to put cooperation first in the face of bitter, able, and determined opposition. Furthermore, this committee provided for a constant and dependable flow of cash into the system from the Nation's long-time investment funds of the people and a share in Postal Savings. Strong and general sentiment developed in favor of going much further; that is, the Federal Government should makes 3-percent loans direct to the farmer. With call money now at 2 percent and commodities securing advances at 3 and 4 percent, for farmers to pay 5 and 6 percent on superior collateral is 40 or 50 percent more than capital is worth. To be called on to pay half as much again as anything is worth—particularly where that charge goes on day and night like this interest, for 40 years—exceeds the bounds of reason.

Will two wrongs now make it right? In other words, the joint stocks having come into our midst by the cow-bird detour, does the Nation's Business think they should be granted another batch of special favors? For remember, no trust can prosper without advantages in which the rest do not share. The Federal Farm Loan Act placed no restrictions whatever on the amount, place, or purpose of the loans by joint stocks, whereas very positive limits were placed on national farm-loan associations in all three ways. Purposes "(a), (b), (c), (d), and for no other" were plainly specified, and very properly so, for authorities on this old and generally successful set of banks call such the cornerstones of the structure.

National farm-loan associations tend naturally to segregate and emphasize private property in home development and ownership into family size farms which is typically American, democratic, and helpful. These associations will in my judgment, furthermore, assert themselves in permanent tenure of land and constitute our most efficient weapon against the grave and growing menace of rural tenantry.

The Federal Farm Loan Board, in charging off thousands of farms against National Farm Loan Association funds in the hands of Federal land banks acted much more harshly with us than with the joint stocks. Farmers belonging to the cooperative or Federal land-bank division report rougher treatment than farmers in the joint stock with regard to foreclosure. The reason is that directors in the Federals own no stock and so can lose nothing. On the other hand, directors in the joints stand a good chance to lose some of their own money by forced sales.

But we are loth to admit that the American people do not still believe in fair play. There has been plenty of the opposite "foul play" in land-bank manipulation and management. January 1918 Liberty loans were 97 and going lower; Federal land-bank bonds were 106 and going higher. Secretary of the Treasury ordered our bonds off the market. The Federal Farm Loan Board agreed, provided the Treasury would subscribe $183,000,000—its loan—commitments and amend the law in order to allow them to retain control of the system.

The Federal Farm Loan Board was given temporary control by the Federal Farm Loan Act which required them to call an election when $100,000 of Government money had been retired by subscriptions in stock from national farm-loan associations. Then "six were to be elected by and be representative of national farm-loan associations; the other three to be appointed by Federal Farm Loan Board to represent the public interest." The second section of this "blankety blank" farce (hereinbefore so-called by our friend the Senator from South Dakota) was sent down the line Sunday, March 4, 1923, when title 3 was slipped in and "sneaked through" the United States Senate as an amendment to an amendment of the Federal Farm Loan Act, depriving farmers of their property rights to the Federal land banks under the Constitution. A mugwump make-up was substituted whereunder the Board appoints 3, the associations elect 3, the Board chooses another out of 3 we name. This has resulted the way the Federal Farm Loan Board planned and predicted, or, as you say, "the Federal land banks are run from Washington."

The Federal Farm Loan Board claims credit for the success of the system attributable to its supervision. Why then the failure among joint stocks? They are also blessed by Federal Farm Loan Board supervision. The reasons why our cooperative banks and loan associations have made a so much better record are many and inherent. This superiority the American Rural Credits Committee to Europe in 1913 found universal. The joint subcommittee of the House and Senate, following such information and advice, necessarily reported out a cooperative system. But for the prejudiced, ex parte, and unpatriotic influence of the professional money lender of cooperative land banks in the United States would have got under way long before the war, and a very different and still better chapter would have been written.

Considering that we got off to a slow start, were handicapped by "politics, bureaucracy, and red tape", will you not concede the farmers' cooperative has made a wonderfully successful record? In fact, you do admit our success. Your criticism which hurts us most is that practically all our loans have gone to established farmers. We have been of little help to tenants and young men in acquiring farms and buildings for new homes. This letter will be worth its space if nothing more is accomplished than to liberalize our loan limits. We find no precedent in the rural-credit system in any other country of the world for the Federal Farm Loan Act requirement that no loan shall exceed "20 percent of the permanent insured improvements and 50 percent on the land." Where men have hired out or rented land and saved money to buy a farm, they should be allowed to start with less than 80 percent on the buildings and 50 percent on land.

It is not that farmers are more honest or better workers than bankers. The difference is due to the cooperative system in which it is almost impossible for any stockholder or director to manipulate either stock or bonds to his own profit or advantage. What little stock each farmer owns in his loan association can neither be hypothecated nor transferred. When the Federal Farm Loan

Act is followed, there will be no undivided surplus and profits or other big accumulations of money. Only the legal reserve will be maintained. That spokesman for the Nation's Business calls the manipulation of stocks and bonds in the "joints" a disgrace (even after allowing both for the depression and drought) is evidence of the folly of ever including them in the farm-loan system.

As I predicted promoters of the joint stocks would not be able to resist the temptation to exploit this new banking corporation, congressional inquiry reveals the usual deceit and fraud. Our cooperative permits no stock control; neither can our stock be either hypothecated or transferred. We can gain nothing by its manipulation, so why manipulate? But we have lost much in prestige and actual selling value in our bonds by being thrown with such intimate contact into the same system with these "joints." The public often fails to think and discriminate concerning reports that a land bank that fails to meet payments is thrown into receivership.

It will contribute greatly to our peace of mind, also to national existence and security should the Nation's Business succeed in setting this rightful position of ours forth so clearly that there will be no future doubt or question as to whom these 4,700 national farm loan associations (with their clearing houses, the 12 Federal land banks) belong to; furthermore, that we the farmer shareholding owners propose to run 'em and run 'em right—in that "fear of the Lord which is the beginning of wisdom."

All the power and prestige in our Federal Department of Agriculture could not start a local credit union in Indiana, with the aid of the worst drought and bank collapse in history. Why? One reason at least is that money lenders were making loans at 3½ percent per month—just 42 percent interest a year. A Comptroller of the Currency furnished proof that hundreds of national banks were charging usury. Senators stated during an investigation that banks managed to prevent local business men and farmers from securing capital when rediscounts were low enough to interfere with their notion of money values.

Then farm-loan associations have gone into every county in the United States, bringing relief from impossible burdens in the past and present and hope for the future. They took capital into back country, poor country, dry country, at low and uniform rates of interest. Heretofore money-lending agencies would pick and choose (and joints do yet) for rich soil in the best farming sections—for instance, if lending all beyond the 100th meridian, high and impossible charges were made.

We fought this 16-year struggle for our very existence, under constant attack by forces without and traitors within the system—other banks have profited by the use of $20,000,000,000 of farm-money deposits. Nevertheless these State and National bank failures have reached 30 times the number in proportion and much more in amount than our Federal farm-loan associations have. Furthermore, in our case—from the standpoint of the public—none. Because our Federal land banks advanced the money to cover anticipated defaults. No investors ever waited a day for a single dollar due him. Hence we defy any fair-minded person to investigate our cooperative method for carrying on rural credits with his or her conclusion that it has brought help and courage to farmers everywhere, safety to investors, and credit to the Nation.

Agriculture is entitled to divorce and alimony from banking.

W. B. DOAK,
CLIFTON STATION, VA., *April 10, 1933.*

CLIFTON, VA., *April 10, 1933.*

1. Premium on bonds and interest (see last par. sec. 12, Federal Farm Loan Act)	$25,000,000
2. 6 or 7 percent on $65,000,000 stock, minus dividends paid, $30,000,000	20,000,000
3. Bank buildings, furniture, fixtures, plus interest	5,000,000
4. Cost of supervision from 1923 to 1930 and division of examinations since (2, 3, and 4 pars. Federal Farm Loan Act, as amended by sec. 302)	5,500,000
5. Due associations on one fourth of the 1-percent spread between bond rate and mortgage rate, less fees paid Secretary of the Treasury, approximately (3d par., sec. 9, Federal Farm Loan Act)	27,000,000
6. Losses on Puerto Rico (and loans outside continental United States) (sec. 4, first sentence, Federal Farm Loan Act)	1,000,000
7. Losses on illegal loans charged to us through the taking over of joint-stock land banks (sec. 12, par. 3, first and second sentences, Federal Farm Loan Act)	83,500,000

This statement is not claimed to be either complete or exact. We have tried to get more information without success.

W. B. DOAK.

CLIFTON STATION, VA., *April 14, 1933.*

This is our answer to claim of joint-stock land banks for $100,000,000 direct Federal subsidy. Their contention that the cooperatives, or national farm loan associations, got $125,000,000 from last Congress in like manner is absolutely false. The truth is, while we did get something the amount which can be charged to cooperating farmers from this fund is practically less than one half of $125,000,000, and does not equal our claim for cash advances and damage by illegal uses of our system. By some of which the joint stocks themselves have benefited to the extent of many millions of dollars.

W. B. DOAK.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy, in which it requested the concurrence of the Senate.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (H.J.Res. 135) to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes, and it was signed by the Vice President.

RELIEF OF AGRICULTURE

The Senate resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The question is on the amendment of the Senator from Montana [Mr. WHEELER] to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. CONNALLY. Mr. President, the debate on the so-called "Thomas amendment" has progressed to a point where I assume most Senators have already arrived at a conclusion in their own minds as to what their course shall be. I have no disposition to unduly consume the time of the Senate; but, in view of the vigorous assaults made by a number of Senators on the provision of the amendment which permits a reduction in the gold content of the dollar, and for the reason that I have on one or two previous occasions suggested the advisability of reducing the gold content of the dollar, I shall take the liberty this morning to submit some remarks to the Senate on some of the questions involved in the bill.

Mr. President, I do not apprehend from the passage of this measure all the benefits which those who are most vigorous in its support hopefully anticipate; neither do I share the fears of the distinguished Senator from Pennsylvania [Mr. REED] and other Senators who view with alarm and point out with a vivid imagination untold perils which they fancy will be visited upon the country and upon the world by the passage of the proposed legislation.

The Senator from Pennsylvania in predicting the evils and perils that, according to his fears, will flow from this measure and action thereunder, exhibits an imagination as vivid as lightning. Aggressive and adroit in attack as he is resourceful in his imagination, he proceeds to analyze and destroy the imaginary evils and perils, which never in fact existed.

Mr. President, for 3½ years the United States has been in the grip of a panic the like of which has not been known in modern times. I shall not weary the Senate in detailing the conditions that have been forced upon the United States by the processes of economic forces, some of them world-wide, because the debate has already disclosed them. But I desire to suggest to Senators that during the past 3½ years we have tried, under the leadership of the past administration and now under the leadership of the present administration, a number of governmental remedies for the depression and for the panic under which our people are suffering.

First we tried the Farm Board put forward by Mr. Hoover. When I speak of Mr. Hoover I speak without rancor and without bitterness. We tried the Farm Board. What was its purpose? The purpose of the Farm Board was to raise the value of the agricultural dollar, to decrease the dollar of every man who buys agricultural products, to decrease the gold content, if you please, of the dollar of the man who would buy or consume agricultural commodities. That remedy failed.

Then we were told by the last administration, led in large measure by the Senator from Pennsylvania himself, that the remedy for America's depression lay in lifting the tariff barriers a little higher and yet higher; so the Senate and the Congress passed the tariff bill, and after the enactment of that measure we saw the forces of depression and panic climb over the tariff wall. We saw the tide of disaster sweep over the dikes which they said they had erected, and submerge the commerce and business and industry of America and drive them to depths more tragic and more distressing than ever before. We all remember that on the floor of the Senate the then Republican leader, Mr. Watson, former senior Senator from Indiana, predicted that within 30 days after the enactment of the Smoot-Hawley tariff bill prosperity would return, smoke would again issue from the chimneys of factories, and business would revive.

That prophecy, of course, was not only unfulfilled, but the decline continued to still lower levels.

Then we were told as another remedy that the Hoover moratorium on European debts would have a tremendous effect in the revival of business. We tried that, and the forces of depression, the forces of despair, the army of lowered prices went marching on and on and on, and no relief came.

Then we were told, under the leadership again of the Senator from Pennsylvania, that the Reconstruction Finance Corporation would solve the problem. What was its purpose? Its purpose was inflation, inflation of credit, pumping more money into the industries and into the banks and into the business of the United States. We now know what a melancholy plan of relief that has proved to be.

Mr. President, every major remedy offered under the last administration has come to naught. We are now under a new administration. Under the leadership of President Roosevelt we are undertaking to grapple with these economic forces and, so far as the Government is able to do so, to arrest them, to overcome them, and to adjust the financial and economic forces of the Nation.

Mr. President, whatever may be said by those who disagree with President Roosevelt, they must admit that he has courage, that he has decision, that he is undertaking to solve these vexing problems. When Senators express the thought that the bill contains a tremendous grant of power, I do not question their statement. It does contain a tremendous grant of power. But let me say, Mr. President, that the responsibility of the President is great, the task before him is tremendous in the negotiations with foreign powers, and the task being great, being imminent, requiring quick action and quick decision, the grant of power must be commensurate with the task.

We have long since learned that as a nation we cannot live alone. We have long since learned that war debts, foreign trade, money, and currency tie us up with Europe and with the rest of the world. The World Economic Conference is soon to be called. I note in the press this morning that the date has already been fixed for June 12, only a little more than 40 days away. It has been called because statesmen of the world recognize that in this modern world no nation can economically live alone. The President of the United States, when he or his representatives go to that conference, must be armed with large powers and, of course, will carry with those powers a large degree of responsibility. Therefore, Mr. President, I shall support the pending measure.

Mr. President, the Senator from Pennsylvania [Mr. REED] and others have attacked the measure and have held forth the fear that it provides for a money that is unsound and that in its wake will follow an era of inflation comparable to that which took place during the time of the French Revolution, during the time following the World War in Germany, and in other countries of the world. In section 34 of the Thomas amendment, on page 2, it is provided that "action under this section is necessary in order to regulate and maintain the parity of currency issues of the United States." In other words, one of the purposes of this particular section is to enjoin upon the President and those who administer the act to maintain parity between the various currency issues of the United States. What is that to do? That is to maintain the value of paper and gold and other currencies upon a parity. The powers delegated under the bill are to be so administered as to maintain a sound currency and sound money.

Mr. President, it is said that under subsection (a) of section 34, $3,000,000,000 of inflation would result. Let me invite the attention of the Senate to the facts about subsection (a), relating to open-market operations. The Federal Reserve Board has heretofore, under the last administration, undertaken the same character of operations as are directed in subsection (a). The Federal Reserve Board went into the market for the purchase and sale of Government securities for what purpose? To stabilize, so they thought, prices and currency and to aid the Government in the sale of its bonds and securities.

Let me suggest to the Senator from Pennsylvania and others that under the open-market operations, even though the purchase of bonds be made by Federal Reserve notes, those notes still will be covered by a gold reserve, just as is other currency issued by the Federal Reserve banks. They all have gold reserves, and the Federal Reserve banks are not going to deplete those gold reserves. Whatever currency they issue for the purchase of bonds will be protected by the gold reserves under the existing law.

Mr. REED. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Pennsylvania?

Mr. CONNALLY. I yield.

Mr. REED. The Thomas amendment contains a provision that takes away all penalty for failure to maintain the gold reserve.

Mr. CONNALLY. That is true; but it does not take away the power of the Federal Reserve Board and it does not take away the power of the 12 governors of the banks. Does the Senator from Pennsylvania entertain any fear that the 12 governors of the Reserve banks will voluntarily commit suicide of their banks? They will not permit their gold reserves to fall to a dangerous point, and the bill does not give the President the power to force them to do so. The inflation under subsection (a) of section 34 is no inflation at all so long as a proper ratio between the gold reserve and money issued is preserved. Additional currency may be issued by the Federal Reserve banks under existing law.

The Senator from Pennsylvania on yesterday admitted that we have a sufficient gold reserve in the United States today to permit the issuance of $10,000,000,000 of currency. Is not that true?

Mr. REED. Four billions additional, ten billions in all.

Mr. CONNALLY. How much currency and money have we outstanding?

Mr. REED. About four billions and sixty or seventy-odd millions.

Mr. CONNALLY. That is gold. How much currency and money have we outstanding?

Mr. REED. I misspoke myself. Six billions and sixty or seventy odd millions.

Mr. CONNALLY. Exactly. The figures which I last saw were six billions and three hundred millions. So, according to the admission of the Senator from Pennsylvania, we have now a margin of $4,000,000,000 which could be issued by the Federal Reserve banks or by the Treasury and still have a 40 percent gold reserve in the Treasury and in the Federal Reserve banks. Yet with that tremendous margin the Senator from Pennsylvania and other Senators fear to issue any additional reserve notes or United States currency.

Mr. REED. Mr. President, will the Senator permit a question?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Pennsylvania?

Mr. CONNALLY. I am glad to yield.

Mr. REED. That being so, and the present law authorizing an additional 4 billions of sound currency, why pass this provision and why suspend the reserve requirements, as the Thomas amendment would do?

Mr. CONNALLY. The Senator from Pennsylvania is not accurate when he says it suspends the reserve requirements. It does suspend the tax on the issuance of Federal Reserve notes when the gold reserve falls below 40 percent, but it does not repeal the law which lays the injunction upon the Federal Reserve Board and the Secretary of the Treasury and the President of the United States and everybody else to maintain an adequate and sufficient gold reserve. The Senator admits that we could issue today $4,000,000,000 of good currency which would be sound money, he says, and yet he denounces this particular provision of the bill which provides for that very thing, and provides for the possible issuance of only $3,000,000,000 by the Federal Reserve banks instead of $4,000,000,000.

Mr. REED. Mr. President——

Mr. CONNALLY. I yield.

Mr. REED. Unless I annoy the Senator by interrupting him——

Mr. CONNALLY. Not at all. The Senator does not annoy me, and I am very glad to yield to him.

Mr. REED. I stated, perhaps while the Senator was not in the Chamber, that I regarded this provision about which he is speaking as the least offensive part of the Thomas amendment, and that, standing by itself, I should not oppose it. I addressed my objections entirely to the 50 percent depreciation in the gold content of the dollar, and to the unlimited coinage of silver, and to the greenback section.

Mr. CONNALLY. I so understood the Senator, that this is the least objectionable; but, being the least objectionable, it is still objectionable to the Senator.

Mr. REED. And I hope the Senator from Texas will do better than did the Senator from Mississippi [Mr. HARRISON] yesterday. The Senator from Mississippi said he was going to discuss the bill, but he spent so much time denouncing me personally that he did not have time even to mention the free coinage of silver or the 50 percent reduction in gold content. I hope the Senator from Texas will cover those points.

Mr. CONNALLY. I hope the Senator's suggestion that I discuss the bill has not been aroused by what I have said heretofore.

Mr. REED. Not in the least. The Senator is talking directly to the point. The Senator from Mississippi did not.

Mr. CONNALLY. I thank the Senator; but the Senator said he hoped I would discuss the bill, and I thought I had been doing so.

Mr. REED. The Senator was discussing the bill. I am hoping he will discuss the greenback feature, the debasing of the gold content——

Mr. CONNALLY. I shall.

Mr. REED. And the free coinage of silver.

Mr. CONNALLY. The Senator is giving me a larger order than I intended to take, because of the limitations of time; but the Senator is against all of this bill. He says that this particular section is the least objectionable. I want to be fair to the Senator, and I have no disposition to make any personal reference to him; but it is absolutely necessary that I refer to the Senator in the course of this debate, because he is the leader of the forces in opposition to this bill and has made the most extensive arguments against it.

Mr. REED. I must beg the Senator's pardon. I did not mean to imply that I was taking offense at anything that he said. I think the Senator is talking directly to the point, and I am glad he is, because so far nobody has undertaken to defend the three sections of which I speak.

Mr. CONNALLY. Now, let me ask the Senator a question. The Senator, then, really has very little objection to the issuance of $4,000,000,000 of new currency. It is only the method to which he objects?

Mr. REED. I do not like to see the reserve requirement suspended by taking off that tax.

Mr. CONNALLY. But if we could expand the currency to the amount of $4,000,000,000 without impairing the reserve requirements, how are we going to impair them by expanding the currency $3,000,000,000?

Mr. REED. We would not.

Mr. CONNALLY. So section 34 (a) has not the seeds of evil in it that the Senator anticipates?

Mr. REED. The only objection I see to that section is the provision suspending the tax on the deficiency in the reserve.

Mr. CONNALLY. So the Senator, after all, is not as fearful of this section as I thought he was. But, Mr. President, the Senator also observed the other day that he thought the embargo on shipments of gold was a wise measure. He agrees to that; and yet when the Government did that, with the Senator's approval, we reduced the gold dollar 8 cents in every market in Europe. The Senator's soul is outraged by anybody's suggesting that we lower the value of the dollar here; but we did lower the value of the dollar in every foreign capital on earth, and we lowered the value of the obligation of every creditor on earth who held a United States obligation, whether of a citizen or of the Government.

Mr. REED. Will the Senator permit one more interruption?

Mr. CONNALLY. I shall be glad to do so.

Mr. REED. I do not want by my silence to seem to agree with that statement. I do not think the gold embargo would have affected exchange more than very slightly. The gold embargo put on on April 4 had no appreciable effect on exchange. What drove down the dollar in foreign exchange was the threat of inflation. It was generally understood through the world that this latest gold embargo was the first step in an inflation of the American currency. That is what affected the exchanges.

Mr. CONNALLY. But all settlements abroad are made in gold, are they not?

Mr. REED. Not now, since the embargo.

Mr. CONNALLY. No; but normally they are made in gold, of course.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator.

Mr. ROBINSON of Arkansas. I thank the Senator from Texas. I should like to ask the Senator from Pennsylvania a question.

Assuming that a great commercial nation—for instance, Great Britain—should seek to stabilize her pound sterling at $3.50 or $3.75, what would be the course, in the opinion of the Senator from Pennsylvania, necessary to be taken by the United States in order to avoid and avert those disadvantages which are assumed generally to arise when currencies are depreciated?

Mr. REED. Mr. President, the injury that we have suffered from the action of British exchange has lain chiefly in the uncertainty in its fluctuations. If British exchange were stabilized at $3.50 to the pound——

Mr. ROBINSON of Arkansas. Or $3.75.

Mr. REED. Or $3.75 or $3 or $2.50; if it were stabilized there and fixed at that point, with gold value at that point, things would soon adjust themselves. The abnormality of the present situation is that the pound is unstable, and that the British have followed the policy of selling the pound and buying the dollar and keeping an artificial relationship.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Texas permit one more question?

Mr. CONNALLY. I yield.

Mr. ROBINSON of Arkansas. What would be the effect on the foreign commerce and the domestic commerce of the United States if Great Britain stabilized her pound sterling at $3.50, and the United States were on the present gold basis? What would be the effect on the foreign and the domestic commerce of the United States?

Mr. REED. It would be very advantageous to have the British pound stabilized on a gold basis at any level—$3.50 or any other.

Mr. ROBINSON of Arkansas. At 3 cents, for instance?

Mr. REED. Any price.

Mr. ROBINSON of Arkansas. The Senator, then, feels that stabilization, rather than the point of stabilization, is the essential thing?

Mr. REED. Yes.

Mr. ROBINSON of Arkansas. And that it does not matter to the United States at what point Great Britain, for illustration, stabilizes her currency, so that she accomplishes that end. The United States would still maintain its currency and compete with Great Britain in international trade on the present basis of our currency, without regard to whatever depreciation Great Britain might take in her currency, so long as she stabilized it at some point?

Mr. REED. Yes, Mr. President. The transition is painful; the period of adjustment is painful; but once she stabilizes, the result is just the same as it was when France stabilized.

While the franc was dodging around, going down to discount as far as 90 percent, France had a great advantage over us in all of those elements of commerce in which we were competing; but the moment she stabilized the franc at an 80 percent discount—at 3.91—then just so soon she began to lose the advantage that she had enjoyed. The important thing is the stabilization on the gold basis. What hurts us now is the fact that the pound fluctuates and is being artificially depressed by the action of the exchange stabilization fund in Great Britain.

This morning's newspapers carry the announcement that that fund is to be increased to £500,000,000, which is evidently an effort on the part of Great Britain to arm herself against any similar exchange stabilization operation from this side. What is threatened at the moment is a duel between the British Exchequer and American Treasury, each trying to depreciate the value of its own money in foreign exchange.

Mr. ROBINSON of Arkansas. Will the Senator yield at that point? I think the Senator's last statement is true.

Mr. REED. And that is where President Roosevelt is doing such excellent work for the United States, in getting in touch with the representatives of the British Government and trying to come to a sane and fair agreement to avoid that kind of a duel.

Mr. ROBINSON of Arkansas. Is there any way in which a race for depreciation of currencies may be avoided except by international arrangement or agreement?

Mr. REED. I think not; and I approve very cordially what the President is doing to prevent it.

Mr. ROBINSON of Arkansas. Very well. Then if the British pound sterling should be stabilized at $3.50, the Senator thinks it would not make any difference to American trade; that we should go on without any change in our standard dollar, and that we would be able to meet the fair competition of Great Britain on the present basis of our dollar?

Mr. REED. I think so. I should rather see it stabilized at about $4, because the adjustment would not take so long.

Mr. ROBINSON of Arkansas. Yes; but we cannot control with certainty the point at which stabilization will take place.

Mr. REED. No; that requires agreement.

Mr. ROBINSON of Arkansas. And the admission that there is a point at which we should like to see the pound sterling stabilized is also an admission that it is a matter of concern and interest and effect to us.

Mr. REED. Oh, yes!

Mr. ROBINSON of Arkansas. Beyond doubt.

Mr. REED. Because it diminishes the duration of the period of adjustment, the closer we can get the pound up to parity.

Mr. ROBINSON of Arkansas. But, more than that, when a country cheapens its money, history shows that the immediate effect is to increase its exports; it sells more; and to decrease its imports; it buys less in foreign markets.

Mr. REED. That is true; but——

Mr. ROBINSON of Arkansas. Then, does not the Senator think that in order to effectuate a proper and fair stabilization of both currencies and exchange, an international agreement is essential?

Mr. REED. Oh, yes; I quite agree. Now, let me add one sentence to that.

Mr. ROBINSON of Arkansas. I thank the Senator from Texas for yielding to me.

Mr. REED. The pound has been selling at about 30 percent discount from its normal value for about a year now.

It is a year and a half since Britain went off the gold standard. She has already begun to lose the trade advantages which she got from her first depreciation of her currency. Today, the advantage that she is getting from the $3.50 pound is very much less than it was a year ago. These things adjust themselves in time, and that is why I say that the vital thing for us is to have the pound stabilized on a gold basis. It is of only secondary importance at what point between $3.50 and $4 it is stabilized.

Mr. ROBINSON of Arkansas. Yes; but it is of importance.

Mr. REED. Oh, certainly; because the adjustment is easier. The higher the stabilization point, the simpler is the adjustment, the shorter the period of adjustment, but that is of very secondary importance compared with getting a stabilization.

I ought to apologize to the Senator from Texas. I have talked too long.

Mr. CONNALLY. Mr. President, the Senator has admitted a strong argument in favor of the gold-content clause of this amendment. The Senator admits that the only way in which the currencies of Europe can be stabilized is through an international agreement in the economic conference or in some other conference. If that be desirable for the United States, if that be desirable for Europe, and the only method by which it can be reached is through an international agreement, why not arm the President of the United States, when he enters the economic conference, with the power to make that sort of an agreement, and make it not only with reference to a fixed ratio of gold in European countries but in the gold dollar of the United States? Does the Senator apprehend that Europe is going to give us relief from our own conditions? If the American people secure relief in this world condition, it must be through the American people and the American Government.

Oh, but the Senator from Pennsylvania says that the matter will work itself out, no matter at what figure the stabilization of the British pound or the French franc or the standard money unit of any other foreign country is fixed. The condition here in the United States will work out some day or other if we let it alone, but the result will be that during the process of working out it will deflate values of the people of the United States, and when deflation is complete a new set of owners will own the property of the United States.

What is the matter with values? The dollar measured in the wholesale index price of commodities in February of this year was $1.67. In other words, the gold dollar was worth $1.67, measured in all industrial commodities in the United States. The dollar measured in farm products was worth $2.40 last February. What is the reason for that condition? We have just as much wealth as we ever had; our farms are just as fertile, our agriculturists are just as industrious, our industrial concerns have the same plants now they had in 1929; bonds and stocks and securities are backed by the same mortgages by which they were backed in 1929. Yet their value has been deflated. Why? Not because they are any less productive but because, measured in terms of the gold dollar, when converted into money they have not the same value they had before. The gold content of the dollar is the only commodity on earth that I know anything about that is fixed absolutely by law. Twenty-three grains of gold are worth a dollar at the mint. Regardless of whether the supply of gold in the world goes up or whether the supply of gold in the world goes down, the 23 grains are still worth a dollar.

I am wondering why it would be desirable to revalue the British pound at $4 and not to revalue the gold dollar at all. If we are going to put things back on the gold standard, why not put the pound back at $4.86? The Senator says it does

not make any difference where we place it, so why disturb the old ratio? Put it back at $4.86. Yet he admits that it should be revalued, and should be revalued at $4, instead of $4.86. Why is that a good argument for England and not a good argument for the United States?

Mr. President, liquidation will finally result in the United States. This condition will work itself out here, just as the Senator from Pennsylvania says it will work itself out in Europe, but he admits that the process of readjustment, the process of liquidation, will be painful. Of course it will be painful. It will be painful to the people who are being liquidated, whose values are destroyed, whose farms are lost, the value of whose industrial stocks is destroyed, and that is what we are trying to prevent, in a way, through the measure now pending before the Senate.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. LONG. I suggest the absence of a quorum.

Mr. CONNALLY. I thank the Senator, but I should not want to disturb Senators who are not interested.

Mr. President, I was discussing a moment ago section 34 (a). The Senator from Pennsylvania admits that, after all, section 34 (a) is not so bad, that it only provides for an inflation of $3,000,000,000, when, as a matter of fact, we can safely inflate four billion and preserve a 40 percent gold reserve. The Senator from Pennsylvania suggested that I discuss subdivision (b), with reference to the issuance of United States Treasury notes.

Mr. President, I make no pretentions of being a financial expert or knowing anything about banking, but I want to observe that I understand that inflation can be brought about in a number of ways. It may be brought about by the issuance of more currency. It may be brought about by increasing bank credits. It may be brought about by the issuance of Government bonds, thereby inflating credit throughout the whole country.

It is proposed here, as to greenbacks, that if the other plan is not successful the President may authorize the issuance of $3,000,000,000 in Treasury notes, not more than 3 billion. It directs him in no degree. He may cause to be issued not exceeding $3,000,000,000. For what reason? That $3,000,000,000 can be employed only for the purchase of outstanding bonds, for no other purpose whatever, under this measure. If by the issuance of $3,000,000,000 of Treasury notes, non-interesting-bearing, the Government can retire $3,000,000,000 of interest-bearing bonds, there will, in effect, be no increase in inflation.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Texas yield to the Senator from Kentucky?

Mr. CONNALLY. I yield.

Mr. LOGAN. Did I understand the Senator to say that if these Treasury notes should be issued, they could be issued for no other purpose except to retire outstanding bonds? I was under the impression, without looking again at the measure, that the Government could use them to pay current expenses, governmental obligations, as well as to purchase bonds.

Mr. CONNALLY. For no other purpose.

Mr. LOGAN. To purchase bonds, and for no other purpose?

Mr. CONNALLY. That is the way I recollect it. I shall read it to the Senator. It is found on page 3, section 1:

> (1) To direct the Secretary of the Treasury to cause to be issued, in such amount or amounts as he may from time to time order, United States notes, as provided in the act entitled "An act to authorize the issue of United States notes and for the redemption or funding thereof and for funding the floating debt of the United States", approved February 25, 1862.

That is the Greenback Act, to which the Senator from Pennsylvania referred.

Mr. BYRNES. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield.

Mr. BYRNES. The statement of the Senator from Texas is correct. I think the confusion in the mind of the Senator from Kentucky is caused by the fact that the original Thomas amendment did provide that the notes might be used for the payment of current obligations, but the amendment as it is now drawn provides as the Senator from Texas has stated.

Mr. LOGAN. Perhaps I was confused by the original amendment, which I read. As I understand the Senator now, these Treasury notes could be used for no purpose except for the purchase of outstanding Government bonds.

Mr. CONNALLY. I shall read the provision to the Senator. I have located the language. I quote the language of the amendment:

> But notes issued under this subsection shall be issued only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States.

Mr. LOGAN. Would not maturing obligations take care of current expenses?

Mr. CONNALLY. How is that?

Mr. LOGAN. Maturing obligations would cover current expenses.

Mr. CONNALLY. I assumed it meant bonds or certificates of indebtedness, which would be the same thing as a bond.

Mr. LOGAN. If there were a contract for the erection of a building in the sum of $100,000, or some other sum, as the payments became due they would be maturing obligations, it seems to me.

Mr. CONNALLY. The Senator might be technically right, but I think the whole context of the amendment shows that the purpose is to issue this additional currency for the purpose of affecting the bond market and taking care of outstanding obligations in the form of bonds, and to hold up the price of bonds by buying them in the open market.

Mr. LOGAN. Pensions, for instance, due each month would be maturing obligations.

Mr. CONNALLY. Let me read this again.

Mr. BYRNES. Mr. President, if the Senator will read the proviso, I think he will find that it will throw light on the matter.

Mr. CONNALLY. Let me read it:

> *Provided*, That when any such notes are used for such purpose the bond or other obligation so acquired or taken up shall be retired and canceled.

That would indicate that the purpose was to be limited to the payment of maturing obligations in the form of bonds or certificates of indebtedness. But let me suggest to the Senator that that is really a distinction without a difference, for the reason that the Government already has authority, under the general law, to issue bonds or certificates of indebtedness, and secure money with which to meet its current obligations.

Mr. LOGAN. Mr. President, what I am interested in, if the Senator will bear with me, is this: Why should the Government issue bonds to obtain money to pay current obligations, and then issue these 90-day Treasury notes to take up the same bonds which had been issued? I do not see why in the first place they cannot use these Treasury notes to retire obligations without issuing bonds and then buying back the bonds.

Mr. CONNALLY. The Senator may be correct about that. The point of my argument is not so much about the actual operations, but it is to show that there would not be any increase, or any appreciable increase, by the process of inflation.

Mr. LOGAN. That is very true.

Mr. CONNALLY. That is what I am trying to point out, in order to meet the argument of the Senator from Pennsylvania.

Mr. LOGAN. Every time a Treasury note is issued, it will cancel an outstanding obligation of the United States, regardless of what the nature of that obligation may be.

Mr. CONNALLY. Exactly.

Mr. LOGAN. And so the outstanding indebtedness will not be increased except by the Treasury notes themselves.

Mr. CONNALLY. Exactly.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. SMITH. An outstanding bond is drawing interest which the taxpayers are paying. If these Treasury notes, as indicated by the Senator from Kentucky, are issued in lieu of interest-bearing bonds, the Treasury notes being non-interest-bearing, the party who held the bonds and who received the Treasury notes would get no interest. The taxpayers save the interest. The individual who held the bonds and now has the Treasury notes must find an investment, and in finding that investment he very likely will put his money into a tax-paying investment and inflate the currency to that amount, because the bonds are not in the form of distributable currency but the Treasury notes are. We would stop the payment of interest on the bonds, we would get taxes on the investment made, and to that degree it would inflate the currency if not increase the number of dollars.

Mr. CONNALLY. Mr. President, of course the Senator from South Carolina and the Senator from Kentucky are both right in their assumptions. Whenever the $3,000,000,000 of Treasury notes are issued, they can only be employed in the payment of outstanding obligations, so the point which I was undertaking to suggest was that it is not a scheme of wild inflation, because the Government will not owe any more when the process is completed than it owes at the beginning. If the bondholder forfeits his bond and accepts in payment these Treasury notes, of course the bond will be canceled, and the payment of interest will be discontinued.

It may be suggested that the bondholder will not surrender his gold bond and accept a Treasury note in payment. Of course he has the privilege of declining until gold is tendered, but under the provisions of this measure and under the tariff act of 1900, the Secretary of the Treasury is required to maintain the parity of all money issued by the United States, and the chances are that the bondholders will surrender their bonds and will accept the new Treasury issues, on the theory that they would be equal in current value to gold; and thereby the interest on outstanding obligations will be decreased.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. LONG. Before the Senator leaves the point he was discussing, about the solvency of the Treasury in connection with the note issues as compared with bonds, I want to make this further observation: The Senator is correct in what he has said, and for the further reason that today, when we pay 4 percent on the bonds, the principal remains, the Treasury owes just as much money, but when we pay 4 percent on the notes, we are retiring the obligations of the Treasury that much.

Mr. CONNALLY. The Senator of course is correct in the view that if the bond is surrendered and canceled, the payment of interest is discontinued, and that charge on the Treasury is relieved. I understand how an unlimited issue of Treasury notes would go to protest, if there were not a sufficient gold reserve to maintain them; but under this provision the Federal Treasury and the President will be governed by conditions which will not warrant the issue of these Treasury notes in case the reserve becomes depleted.

Now, Mr. President, I want to discuss the other question which was raised by the Senator from Pennsylvania.

Mr. FESS. Mr. President, will the Senator from Texas yield before he leaves the question he has been discussing?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Ohio?

Mr. CONNALLY. I yield.

Mr. FESS. The Senator from Texas was discussing the proviso on page 4, and he made the suggestion that there would not be an unlimited issuance of Treasury notes. I note that there is a limit of $3,000,000,000.

Mr. CONNALLY. The Senator from Ohio evidently misunderstood the Senator from Texas. I said that I could understand how the issuance of an unlimited amount of Treasury notes would force them to decline in value if the gold reserve were depleted, but I also said that the President, in the issuance of such notes, of course, would be controlled by the consideration of always maintaining a sufficient gold reserve to protect the outstanding notes.

Mr. FESS. But the difficulty is that these notes are to be issued under the act of 1862, which provided for no gold reserve.

Mr. CONNALLY. But we have a gold reserve, let me say to the Senator, in the Treasury now against the greenbacks which are still outstanding under the act of 1862.

Mr. FESS. But these Treasury notes are to be issued under the act of 1862 and the greenbacks were provided for in the Resumption Act of 1879. What I do not understand is why the holder of a bond who is offered the amount of his bond in the form of these Treasury notes should give up a bond that is redeemable in gold on its face and take a Government promise without any redemption element in it.

Mr. CONNALLY. If the Senator from Ohio had listened to the Senator from Texas a moment ago, he would have heard that Senator say that he could understand how the bondholder might decline to surrender his bond unless he were paid in gold. If he should decline, why, of course, that would be his affair and he could wait until such other time as the Government made other arrangements; but under the Parity Act of 1900, which requires the Secretary of the Treasury to maintain the parity of currency with gold, and under the duty of the Secretary of the Treasury to maintain a sufficient gold reserve in the Treasury to do that, I said that the bondholder would probably take the currency notes on the theory that he would get a dollar's worth of money for his bond.

Mr. FESS. Let me see whether or not I understand the Senator from Texas. When the bond is redeemed by this new issue the bond is canceled?

Mr. CONNALLY. That is correct.

Mr. FESS. The bond is not paid out of taxes, but it is paid out of a new Government issue. The Government issue does not represent any wealth; it merely represents the promise of the Government. The Senator from Texas is probably a bondholder, and there are thousands of others who bought bonds under the direction of the distinguished Senator from Virginia [Mr. GLASS], who now sits in the Chamber and who was then the Secretary of the Treasury, in the course of a great campaign for the sale of bonds; thousands upon thousands of people who are not usually bondholders purchased bonds, and many of them still have them. So it is not a matter that simply affects the usual bondholder, but it affects the great multitude of citizens who in the war days bought those bonds. The thing that disturbs me is the requirement of the release of a bond that is on its face redeemable in gold for a new issue, for a Government credit, which has no redemption feature in it at all, under a measure which is even broader than the act of 1862. In other words, if the Senator will read the last four lines of the amendment on page 4, he will find that:

> Such notes and all other coins and currencies heretofore or hereafter coined or issued by or under the authority of the United States shall be legal tender for all debts, public and private.

The Greenback Act never went so far as that. The greenback was made a legal tender for all debts except interest on the public debt and customs duties, as the Senator from Texas knows, but here it is proposed to make these Treasury notes equivalent to money with nothing back of them except the credit of the Government.

Mr. CONNALLY. Let me say to the Senator from Ohio that I am trying now to show that the issuance of the $3,000,000,000 would not be undue inflation, and I shall discuss the legal-tender features a little later, if the Senator will pardon me; but so far as this particular section is concerned, there is no requirement that a man must take this new money in payment of his bond. It is provided that these notes shall be used in the purchase of maturing obligations. The holder is not required to sell unless he so desires. If a holder of the bonds does not want to take the new notes,

he has his recourse; he does not need to do it; he may go into the courts and have that question determined.

Nobody knows what the Supreme Court will decide upon the legal-tender question so far as gold is concerned. It has decided, as the Senator well knows, in the *Legal Tender cases* that the Congress has the power or did have the power—and I suppose it still has it—under the act of February 25, 1862, to issue greenbacks and to make them tenderable in payment of all prior debts as well as all future debts where the contract simply called for the payment of money without stipulating a particular character of money. I expect to discuss that question just a little later, if the Senator from Ohio will pardon me.

Mr. President, it was suggested a little while ago that it would be desirable for European countries to go back on the gold standard and fix some definite ratio as to their currency, and as to their gold standard; and it was also suggested that the United States in entering that conference, in behalf of our own interest and in behalf of world trade, would find it desirable and wise to revalue our own dollar and fix a different ratio for its gold content.

Mr. President, Great Britain has already, by going off the gold standard, reduced the value of the British pound measured in gold. It is still a pound in Great Britain, but when it goes out into the world it is a pound of about 70 cents on the dollar. England took that action voluntarily. She established an exchange-equalization fund of $750,000,000 for the purpose of stabilizing or "pegging" the pound at a particular figure. How did she employ that fund?

When the dollar seemed to decline Great Britain bought dollars on the international exchange and forced the dollar up and thereby forced the pound down. And our own Government under the last administration and under the last Secretary of the Treasury, unwittingly, perhaps—I do not charge otherwise—aided that very process. They wanted to keep the dollar high in foreign exchanges, and by keeping the dollar high they were driving down the prices of commodities in the United States and were aiding foreign countries which were on a depreciated-currency basis to whip the United States in every avenue of world trade.

Senators are outraged by the idea of decreasing the gold content of the gold dollar. They will not do directly what they are willing to do indirectly. Every process of inflation, whether by the increased use of silver or by the issuance of paper money, has for its purpose the cheapening of the dollar. Why is it desirable to inflate? It is because we want to bring the value of the dollar down. Senators who will willingly do that thing indirectly will not agree to do it directly by reducing the quantity of gold in the dollar. Which is the most direct, the most speedy method? Whatever is done with relation to international exchange and money, if it is to be done at all, should be done quickly, and it ought to be done decisively.

Any method of inflation, whether by the issuance of paper or the issuance of silver, will be a long process because it will be indirect; but when the gold content of the dollar is lowered there is done immediately what Senators profess they want to do indirectly at some future date. And the international economic conference, if it restabilizes foreign currencies and American money at any particular ratio, ought to do it instantaneously, so as to start again the revival of prices, the revival of business, and put the world back again on the highroad to success and prosperity.

Mr. President, when paper money is issued and made redeemable in gold, the value of that paper dollar is tied to the 23 grains of gold in the gold dollar. We may by the issuance of a great amount of paper money for the time being reduce its value; it may decline, as the Senator from Ohio has suggested, as did the greenbacks in 1862, and when that dollar is spent only 50 cents may be obtained for it unless it is supported by a gold reserve; but when the Treasury is called upon to redeem that dollar, it is necessary to redeem it in 23 grains of gold—dear money, hard money, money of a higher value, and that money comes out of the Treasury of the United States.

The Senator from Oklahoma on Monday, I believe it was, pointed out that in interest and in redemption the Government had lost $800,000,000 in the process of issuing greenbacks under the act of 1862, but by reducing the gold content of the dollar we would make every dollar just as sound as every other dollar, and we would only take something out of the inflated, out of the bloated, out of the unsound and unhealthy dollar with which we are trading today.

Mr. President, Senators say that it is unwise to reduce the gold content of the dollar because they assert that we cannot make by law a legal tender of the proposed new dollar for the payment of preexisting debts. That is the question raised by the Senator from Ohio. I quite frankly admit that there is a grave constitutional question involved as to whether the Supreme Court would uphold an act of Congress making the depreciated gold dollar legal tender in payment of obligations theretofore made which stipulated for the payment of dollars in gold of the then present weight and fineness; I am not prepared to say what the Supreme Court would determine with reference to that question; but, Mr. President, I am prepared to say that the issuance of money is a function of government. No individual has the power to determine what money is; no corporation, under the Constitution, is granted the authority or power to say what shall be money. The power to determine what is money is a governmental function alone, and under our Constitution it has been clearly given to the Federal Government in that particular clause which says—

> Congress shall have power to coin money and regulate the value thereof—

Not, Mr. President, to fix the value, but to "regulate the value", and by "regulate" is meant the power to change the value as measured in other commodities, as measured in other forms of property, because money has no relation except in comparison with other commodities.

Mr. President, I make the further contention that since the Government alone can determine what is money and since the Government alone can regulate its value, unless the Government has the power to say that that particular kind of money which it ordains is tenderable in the payment of debts, then the power of the Government to say what is money falls and is of no weight whatever.

What is money? Money is a measure of exchange value. If private individuals can, by contract, fix the measure of money, determine the character of money which shall be paid on their contracts, then the power of the Government to say what shall be money falls to the ground. We have legal tender acts in this country. They are incorporated in this particular measure, making certain kinds of money legal tender. All of them fall to the ground if private individuals can by contract say what shall be a legal tender or what shall not be a legal tender.

Mr. President, in 1862, as pointed out by the Senator from Ohio [Mr. FESS], an act was passed providing for the issuance of greenbacks. Under that act greenbacks at one time fell to as low as 35 cents on the dollar because they had no gold reserve back of them, because it was not known whether they would ever be redeemed, and the act providing for their redemption was not passed until 1878. Of course, they fell below gold. But that act provided that those paper dollars should be legal tender in payment of all debts, public and private, except interest on the public debt and receipts at the custom houses. A long line of decisions of the Supreme Court followed with reference to whether or not those issues of notes were tenderable in the case of preexisting debts.

I want to be fair with the Senate with relation to the question of the power of Congress over the gold dollar, and for that reason I want to make reference to the case of *Bronson v. Rodes*, in Seventh Wallace. That was a case construing the Greenback Act. In that case a contract made before the passage of the act stipulated that payment should be made in gold and silver coin. The contract itself called for

payment in gold and silver coin. The court held that the contract could not be discharged by the tender of greenbacks issued under the act of 1862.

Again, in the case of *Butler* v. *Horwitz* (7 Wall.) it was similarly held that a rent contract could not be discharged by the payment of currency when that contract called for payment in coin. Another case to the same effect was *Dewing* v. *Spears* (11 Wall.).

But in a later case, Hepburn against Griswold, in an opinion by Chief Justice Chase, it was held that the Greenback Act of 1862 was invalid insofar as it provided for the discharge of prior existing debts by the tender of greenbacks. It was predicated upon the theory that before the passage of that act the only kinds of money in existence were gold and silver coins. Chief Justice Chase held that coin was expressed in the contract just as though it had been written there because the parties contemplated the payment in coin, although there was no express provision to that effect in the contract.

But, Mr. President, the case of Hepburn against Griswold was later overruled, and it was held in the *Legal Tender cases*, in Twelfth Wallace, that under the simple power to borrow money the United States Government had the implied power to print greenbacks and to make them legal tender for the payment of all debts, both those contracted before the passage of that act and those contracted after the passage of the act. The opinion did not discuss the question of whether an issue of greenbacks could be tendered in payment of contracts calling for coin. That question was not raised. But the argument in that case is just as applicable to the case of a contract payable in coin as to one payable in lawful money.

Let me quote very briefly to the Senate from the *Legal Tender cases—Knox* v. *Lee* and *Parker* v. *Davis* (12 Wall. 457):

> It is true that under the acts a debtor, who became such before they were passed, may discharge his debt with the notes authorized by them, and the creditor is compellable to receive such notes in discharge of his claim. But whether the obligation of contract is thereby weakened can be determined only after considering what was the contract obligation. It was not a duty to pay gold or silver, or the kind of money recognized by law at the time when the contract was made, nor was it a duty to pay money of equal intrinsic value in the market. * * * There is a well-recognized distinction between the expectation of the parties to a contract and the duty imposed by it. * * * But the obligation of a contract to pay money is to pay that which the law shall recognize as money when the payment is to be made. * * *
>
> No one ever doubted that a debt of $1,000—

I want Senators to bear this in mind. This is a comment of the Supreme Court on the act of 1834, which did reduce the gold content of the dollar. By act of Congress 6 cents were taken from the gold dollar by the act of 1834, and the Supreme Court in the *Legal Tender cases* commented on that fact as follows:

> No one ever doubted that a debt of $1,000, contracted before 1834, could be paid by 100 eagles coined after that year, though they contained no more gold than 94 eagles such as were coined when the contract was made; and this, not because of the intrinsic value of the coin, but because of its legal value. * * * Every contract for the payment of money, simply, is necessarily subject to constitutional power of the Government over the currency, whatever that power may be, and the obligation of the parties is, therefore, assumed with reference to that power.

In other words, Mr. President, when the Constitution gives the Congress the power to coin money and regulate the value thereof, every man dealing with his fellow man or with the Government does so with knowledge of the sovereign power of the Congress to change the value of the dollar whenever the Congress may see fit to do so. Does he not deal in subordination to that sovereign power of the Government which is to regulate and thereby change the value of the dollar?

Mr. HEBERT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Rhode Island?

Mr. CONNALLY. I yield.

Mr. HEBERT. I was interested in the observation which the Senator just made about fixing the value of the dollar by act of Congress. I wonder if the Senator has given any thought to what would happen in the case of those obligations of prior issue containing a provision that they are payable in gold of the present standard of weight and fineness?

Mr. CONNALLY. I am going to come to that in a moment.

Mr. HEBERT. I hope the Senator will do so.

Mr. CONNALLY. I stated a moment ago quite frankly that I am not prepared to contend that there is not a very serious constitutional question involved. I, of course, do not know what the Supreme Court would decide about that, but the only way for the Supreme Court to get a chance to decide is for the Congress to exercise its power and then let the court determine the matter. There is no question that Congress has the power to decrease the gold content of the dollar. It then becomes a question for each citizen to determine as between himself and some other citizen their contractual rights in view of that new statute. We cannot litigate every contract here in the Senate. All the Senate can do is to perform its duty as it sees it, either by reduction of the gold content of the dollar as it sees fit or by increase of the gold content of the dollar, and then each citizen is relegated to the courts to find where that places him with respect to some particular contract.

Mr. HEBERT. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Texas yield further to the Senator from Rhode Island?

Mr. CONNALLY. I am glad to yield.

Mr. HEBERT. It impresses me that in such cases the contractual relations between the parties would be controlling. In other words, if the holder of one of those obligations refuses to accept the new gold dollar he would be wholly within his rights, and if called upon to pay in accordance with the bond, then the debtor would have to find two of the new dollars to take the place of the one which the creditor loaned to the man who borrowed it.

Mr. CONNALLY. I understand the point quite clearly. Does the Senator acknowledge that the Government has the power to enact a law fixing the legal tender in the payment of debts?

Mr. HEBERT. I think that is contained in the Constitution.

Mr. CONNALLY. If that be true, if Congress has the power to fix the legal tender for the payment of debts, how can private individuals annul that power of the Congress by fixing their own contract which prohibits the legal tender in the payment of debts?

Mr. HEBERT. I think the Senator begs the question. He has in mind, I assume, contracts to be made in the future. I had in mind contracts made in the past, where the values have been fixed between the parties. Surely the Congress would not abrogate the obligation of contracts. It has not done so in the past.

Mr. CONNALLY. I am coming to that in a moment, and I am going to show that Congress has abrogated contracts and does abrogate contracts every year that it passes a bill.

Mr. ADAMS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Colorado?

Mr. CONNALLY. I am glad to yield.

Mr. ADAMS. May I ask the Senator a question to straighten out the matter in my own mind a little? I gather that the Senator was considering in part the doubtful question of the right of Congress to force a creditor to accept a different medium of payment than the obligation calls for. My inquiry is this: Assume that Congress has the power—that the United States under the inflation provision would have the power to take a $20 gold piece and divide in two equal parts and make each of those parts a $20 gold piece. The Government has issued its bond calling for the payment of a thousand dollars of gold. Is it a moral thing for the Federal Government, conceding its authority, to say "While I took from you who purchased the bond a

thousand dollars in gold, I will pay you back only $500 in gold by weight?" I am disturbed about the morals of it.

Mr. CONNALLY. I shall say to the Senator that in a speech I made here in January I discussed that particular matter. I said there and then that in the case of Government obligations I was not prepared to say that I would favor the Government's forcing creditors to accept the new dollar, for this reason:

Of course, the assumption of the Senator that the Government got gold from the person who bought its bonds is an assumption without any basis in fact, except, perhaps, in a few instances. We do not deal in gold. We deal in the current money of the country, which under the Parity Act is supposed to be kept to the level of gold. But there is this consideration that distinguishes Government obligations from private obligations:

When the Government issues a bond payable in gold of the present standard of weight and fineness, the Government enters into a contract with its citizens. The Government, being sovereign, perhaps could violate that contract; but the Government is itself a party to the contract, and therefore I am not prepared to urge that it ought to violate its own contract by the exercise of its sovereign power. So far as I am concerned, I am prepared to take the position that I am willing in the case of Government issues already made, payable in gold of the present standard of weight and fineness, that the Government should pay its bondholders every ounce of gold that those contracts call for; but I do not admit that there would be any great immorality in a different course, because the dollar which the Government obtained from the bondholder, when it got it, measured in other commodities—measured in real estate, in commodities, in produce of the farms, in human labor, and all other elements—probably was not worth more than 60 cents of the present dollar.

Mr. ADAMS. Mr. President, may I interrupt again?

Mr. CONNALLY. I shall be very glad to yield to the Senator.

Mr. ADAMS. The Government has compelled all citizens to bring their gold to the Government. That is, there is no outstanding gold lawfully held. Now the Government, by this proposal, doubles the purchasing power of its own gold which it has gathered in from the citizen.

Mr. CONNALLY. That is true.

Mr. ADAMS. If I have a $20 bill, the Government has a $20 gold piece standing today on a parity. When we have passed this part of the bill, the Government's $20 gold piece then will buy twice what my $20 bill will buy.

Mr. CONNALLY. Nominally; yes.

Mr. GLASS. Mr. President——

Mr. CONNALLY. Let me ask the Senator from Colorado a question. Is the Senator from Colorado in favor of the free coinage of silver?

Mr. ADAMS. Yes, sir; I am.

Mr. CONNALLY. The Senator is willing, then, by law to double the value of silver over night, and give every man who has a dollar's worth of silver $2, and make the rest of us pay for it; but he is not willing to let the Government pay its obligations in a dollar measured in the same standard of other values that that dollar was measured in when we got it.

Mr. ADAMS. I will say to the Senator from Texas that I am not willing to have my Government do what I think is the dishonest thing of increasing the value of its money and decreasing the value of your money.

Mr. CONNALLY. Let me ask the Senator another question. Why is he in favor of the free coinage of silver?

Mr. ADAMS. I will tell the Senator why.

Mr. CONNALLY. To cheapen the dollar.

Mr. ADAMS. Not at all.

Mr. CONNALLY. It is to cheapen the dollar, is it not? He wants to cheapen the present value of the dollar.

Mr. ADAMS. I want to increase the purchasing power of the world. I want to increase the exports of America. I want to make usable the silver of the Orient and the silver of South America so that they may buy our manufactured goods. We have been battling over this situation for one reason. Why? We have said that gold has appreciated, have we not?

Mr. CONNALLY. Yes.

Mr. ADAMS. Our complaint is that gold has appreciated. This portion of the bill does not depreciate gold. It leaves gold just where it is now.

Mr. CONNALLY. Oh, no! It really raises the price of gold so far as gold itself is concerned, but it depreciates the gold dollar by taking some of the gold out of it.

Mr. ADAMS. That is it exactly. It depreciates the gold dollar but leaves gold itself standing at the same high pinnacle that has caused us our trouble.

Mr. CONNALLY. No; everything is measured in the dollar here. All our debts are measured in dollars. What good is the gold itself, except as a standard of measurement? Whenever we cut part of the gold out of a dollar, we, of course, theoretically increase the price of gold, because gold will buy more dollars than it will now; but the intrinsic value of a grain of gold remains the same. There is just the same amount of gold in the world now as there was yesterday, and there will be just the same amount of gold after this bill is passed as there is today. It does not change the value of gold in the markets of the world one iota. It simply changes the standard by cutting down the number of grains of gold in a dollar. It thereby cheapens the gold dollar but makes gold worth more at the mint, because, instead of taking 23 grains to the mint and getting a dollar, you probably will be able to take 17 or 18 grains to the mint and get a dollar.

Does that answer the Senator?

Mr. ADAMS. Except this: I think the Senator is absolutely correct in saying that the gold grain stands as it did, but the gold dollar is depreciated. Along with the depreciation of the gold dollar and the maintenance of the commodity value of gold goes a depreciation of every credit obligation in America.

Mr. CONNALLY. That is true.

Mr. ADAMS. Every savings-bank deposit, every insurance policy, everything is depreciated. Assuming that the Government exercises its authority to reduce the gold content of the dollar 50 percent, it reduces by 50 percent the value of every obligation that every creditor holds in this land.

Mr. CONNALLY. The Senator is correct if he is going to accept a measure based purely on gold, but if values ought to bear some fair relationship to each other, if my property ought to be measured in somewhat the same ratio that the Senator's property is, then he is wrong.

The Senator admitted a moment ago that the dollar had increased in value. He said the dollar was too high, that it had appreciated; and yet he is insisting upon keeping all contracts based on a dollar which he says is too high and unfair in its enhancement. He proposes to rectify it by issuing more silver money. When we issue more silver money, we theoretically pull down the value of gold, and we raise up appreciably the value of silver. The depreciation of the gold in a dollar will lift the price of silver to the very same inverse extent as the gold in the dollar is depreciated, because silver as a commodity will rise in the markets of the world to the same extent that we reduce the gold in the dollar.

I am trying to help the Senator from Colorado. We shall make more progress toward lifting the price of silver by decreasing the gold in a dollar than we shall by incorporating 16-to-1 provisions in this bill.

Mr. GLASS. Mr. President, will the Senator permit an interruption?

Mr. CONNALLY. I shall.

Mr. GLASS. The Senator has stated that gold is not paid to the Government of the United States in exchange for its bonds.

Mr. CONNALLY. I said not in large measure.

Mr. GLASS. And that is quite true. Ordinarily we do not transact business with gold but on gold.

Mr. CONNALLY. That is correct.

Mr. GLASS. Therefore, I submit to the Senator, that when a citizen buys a bond of the United States the primary basis of the transaction is the good faith of the Nation, which he respects. Does the Senator think that citizen could any longer entertain any good faith in his Nation if it should repudiate one half of its textual obligation? And does the Senator think it is a moral transaction?

Mr. CONNALLY. Mr. President, the Senator evidently was not here when I had the colloquy with the Senator from Colorado [Mr. ADAMS].

Mr. GLASS. Yes, I was; and I was utterly amazed and distressed to hear the Senator say that he was somewhat doubtful on that point.

Mr. CONNALLY. Oh, no! The Senator, if he heard me accurately, heard me say that I was not prepared to say that the Government ought to force its creditors, its bondholders, to take the depreciated gold dollar.

Mr. GLASS. Why is the Senator not prepared to say that?

Mr. CONNALLY. I shall explain to the Senator if he will give me a moment. I shall show him why.

The Government, when it issues a bond to one of its citizens, is a party to the contract; and if it provides in that bond that the citizen shall receive so many grains of gold, or so many dollars of the present standard of weight and fineness, I am willing that the Government should redeem that promise.

Let me say further to the Senator that the reason why I say that I doubt the authority of the Government to do anything else is this:

The courts have held that when one Congress passes an act, and under that act the Government makes a contract with a citizen, a future Congress cannot disturb that contract. The Senator is familiar with that.

Mr. GLASS. Yes.

Mr. CONNALLY. That being true, and the outstanding gold bonds having been issued under former acts of Congress, I am not prepared to say that this Congress could, if it wanted to, make those contracts payable in a different standard of gold dollars.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Kentucky?

Mr. CONNALLY. I yield.

Mr. LOGAN. It seems to me, if the Senator will allow me a suggestion, that whenever a bond is issued by the Government and is purchased by one of its citizens, the transaction is based upon the good faith of the Government in carrying out its promises.

Mr. CONNALLY. That is right.

Mr. LOGAN. I know of nothing that would prevent the Congress of the United States from saying that it will not pay any of those bonds, because no citizen could bring a suit against the Government of the United States without the consent of the Congress.

Mr. CONNALLY. That is true.

Mr. LOGAN. I suggest to the Senator, however, that if the Government issues a bond for $1,000, payable in gold, under the decision in the *Legal Tender cases*, it appears that the Congress, in view of the constitutional provision, would have the right to change the value of the dollar—that is, to change the gold content—and the bondholder would have to accept it.

When the contract goes further, however, and provides not only that he shall be paid so many dollars in gold but that it shall be gold of a certain weight and fineness, then it seems to me that the Congress could not escape, through the means of any law that might be enacted, the payment of the exact weight in gold called for. The holder of the bond would have an election, as it were, as to whether he would accept gold at a legal value as money, or whether he would accept it at a certain weight as a commodity.

Therefore, if the Senator will allow me to make the suggestion, I agree with him that it is very doubtful whether it would be possible for Congress to allow the Government to escape legally from a contract where it had promised to pay gold dollars of 25.8 grains, 0.900 fine, by paying in any other commodity or any less weight of gold, although if it simply provided that it should pay in gold dollars I think the Senator is exactly correct, reasoning from the opinion of the Supreme Court in the *Legal Tender cases*, which I did not think were sound at the time. I have always thought it was unsound.

Mr. REED. Mr. President, will the Senator permit an interruption?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Pennsylvania?

Mr. CONNALLY. Just let me reply to the Senator from Kentucky first.

Allow me to say to the Senator that he and I are in complete agreement as to the statements he makes with respect to the bond and its provisions. If the bond simply provided for payment in gold and stopped there, then, under the Constitution, if the Government should so decide—and I am not prepared to say that it should so decide—it would have the legal power to make the new dollars, of less gold content, legal tender in payment of those obligations.

But where the Government is itself a party to the contract, and stipulates in the bond that it will repay the obligation in dollars of the present standard of weight and fineness, I quite agree that the Government might be charged with a breach of faith if it should exercise its sovereign power in deciding its own case and require the citizen to accept a lower gold content.

Suppose we do, however, pay the Government bonds, every dollar and every grain stipulated; we are no worse off than we are now. We have to pay them under existing law. How will it harm our situation if we go ahead and redeem every gold bond the Government has outstanding in gold of the present standard of weight and fineness? We have to do it anyway. But there is quite a different question involved when two citizens are concerned. There is quite a different question involved when two corporations are concerned, one owing, the other holding the gold bonds. They are not sovereigns; they are not the Government undertaking to deal with its own citizens.

When they make a contract stipulating that the bond must be discharged in dollars of a stipulated standard of weight and fineness, they make that contract with their eyes wide open, knowing that the Congress of the United States has—not alone today, but has had from the beginning—the power to regulate the value of that money and change it whenever conditions warrant it.

Are there no moralities with respect to values except as to the value of gold? Is there no morality involved in the question of a government which permits its citizens to have their values destroyed? When we come to gold, gold alone is God; gold alone is the idol before which these gentlemen worship.

Mr. REED. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. REED. Do I correctly understand the Senator, then, as saying that it is his opinion that Congress has power to impair an existing contract to pay in gold of the present standard of weight and fineness?

Mr. CONNALLY. If the Senator had honored me with his presence a little while ago, I would not have to repeat what I have already said.

Mr. REED. I am sorry. I was called from the floor.

Mr. CONNALLY. Senators who have heard my statement will not desire that I repeat what I have already suggested.

Mr. REED. I will not ask the Senator to repeat it.

Mr. CONNALLY. I stated to the Senate in the opening of my remarks that there was a very grave constitutional question involved, but I was undertaking by analogy and be analysis of the *Legal Tender cases* to point out what I thought were the considerations which might operate on the court in holding that Congress, under its sovereign power to regulate the value of money, might provide that a dollar of a lower gold content might be a legal tender as a contract stipulating for payment in dollars of the present standard of weight and fineness.

Let me say to the distinguished Senator from Pennsylvania that an English court within the last 2 months has decided that very question, and has held that contracts made for payment in British pounds of a certain standard of weight and fineness could be discharged by payment in British paper pounds, since England went off the gold standard.

Mr. REED. Of course, the difference is obvious, in that they have no constitutional limitation.

Mr. CONNALLY. They have an unwritten constitution, which probably is more inflexible, in some ways, than our own. The Senator does not mean to contend that Congress cannot abrogate contracts, does he?

Mr. REED. Congress can abrogate contracts, but it cannot violate the due process of law provision. Regardless of the legal discussion, I gather that the Senator feels that it is at least a matter of some doubt?

Mr. CONNALLY. I do. If the Senator has read the *Legal Tender cases,* he knows that there is some doubt, because it was decided in the *Legal Tender cases* that a contract made when there was no other money in existence except gold and silver coin, calling for the payment of dollars, could thereafter be discharged and liquidated by the tender of greenbacks, with no gold backing, merely a paper promise to pay, when those dollars were worth, measured in gold, only 35 cents.

Mr. REED. I am familiar with the arguments on both sides.

Mr. CONNALLY. Does the Senator regard that as an open question?

Mr. REED. I think the chances are that we lack the power, but I concede, and agree with the Senator, that there is some doubt about it.

Does the Senator know that the very pendency of this amendment has destroyed the market for municipal bonds? Nassau County, N.Y., the county just outside of Brooklyn, tried yesterday to sell an issue of municipal bonds, and did not get a single bid for them, all because of the doubt about what Congress is going to do to these existing gold contracts.

Mr. CONNALLY. May I suggest to the Senator that it probably was not so much the pendency of the amendment which had that effect as it was the speech of the Senator from Pennsylvania, occupying the responsible and eminent place which he does occupy, in predicting to the country and to the world that we were going to be plunged into the same kind of inflation which engulfed Germany, the same kind which was practiced in France during the Revolution, and the same kind, probably, practiced in Russia when rubles were worthless.

The Senator is not a man who favors wild agitators; he does not believe in communism, he does not believe in "reds." Nobody pays any attention to the communists and the reds when they speak from the soap boxes, but let me say to the Senator that when one who is as eminent as he, who has the attention of the United States to the extent that he has it, stands upon the floor of the United States Senate, with the occupants of the press gallery taking down his language, with the press of the country open to his utterances, and makes predictions of that kind, of course there is going to be a reaction, and I am sure that his prediction had more to do with the decline of municipal bonds than the mere pendency of this amendment.

Mr. President, municipal bonds have not been flourishing so far as I know since 1929. Why do we have the Reconstruction Finance Corporation? The cities and counties in every State of this Union are on their knees before the Reconstruction Finance Corporation begging them to finance their sewerage projects, and all other kinds of projects, because they cannot sell their bonds. That condition existed long before this amendment was offered in the Senate.

Mr. President, there has been a poor market for any kind of securities. The Federal Treasury has been the only bank that has been able to hand out coin, and that has not worked. That was one of the Senator's remedies for the present condition, but it has not worked, and it has not solved the problem. We are now undertaking measures to approach a solution of the problem, and the Senator from Pennsylvania is the chief objector. He stands in the highway with his sword drawn, and he says, "You shall not pass. We must go on along the road of liquidation. Let things alone. Let them foreclose their mortgages. Let municipal bonds go on down and down and down. Let values be destroyed. Stand still. Do nothing." That is the doctrine of the Senator from Pennsylvania.

Mr. WALCOTT. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. WALCOTT. Does the Senator understand the language of this amendment to permit the President to make more than one change in the gold content of the dollar?

Mr. CONNALLY. I do not. If I read it correctly, it is contemplated that he could make one change.

Mr. WALCOTT. I see nothing in the language of the amendment—and that is a very important point, it seems to me—which would indicate that he would be estopped from making more than one change.

Mr. CONNALLY. I do not agree with the Senator.

Mr. WALCOTT. It seems to me that he could make any number of changes, so long as they did not exceed 50 percent in the reduction of the content. If that is true, how is the Senator proposing to have the various bonds differentiated? Let us say that there is a period in the monetary history of the country of 6 months, or a year, or 2 years, with a 20-percent reduction in the value of the gold dollar, and Government bonds have to be issued on that basis, and other contracts, industrial contracts, have to be issued on that basis. Then, in another 6 months, or a year, another change is made, putting back 10 percent, or taking out 24 percent. How does the Senator propose to differentiate, even in the case of Federal bonds, unless they are serial bonds?

Mr. CONNALLY. I do not agree that the amendment contemplates that the President should change the gold content more than once. If the Senator wants me frankly to tell him what my view about it is, my view was incorporated in a bill which I introduced sometime ago, that once the content is changed, thereafter gold should be treated as a commodity and should not be coined, but should be kept in the Treasury, and the number of grains which would be paid in the redemption of a dollar would vary according to the commodity index of a thousand basic commodities of the United States. Gold will then seek its level as a commodity. It would be worth just what it is worth, and it would not, as it is today, be arbitrarily measured by a statute which provides that 23 grains of gold shall be worth a dollar, whether it is worth a dollar or not. Does that answer the Senator?

Mr. WALCOTT. Yes; but it raises another question. It is very important, it seems to me, to have a basis. I should like to go on with this for a moment.

Mr. CONNALLY. Let me say to the Senator that the question he is raising is that we could very easily stipulate the number of grains in the dollar.

Mr. WALCOTT. On the face of the bond.

Mr. CONNALLY. On the face of the bond, if he wanted to do it. Make it a part of the contract.

Mr. WALCOTT. That is the Irving Fisher plan, very largely.

Mr. CONNALLY. I mean, it could be stated in the contract, so many grains of gold, stated in the bond, if that is desired.

Mr. WALCOTT. Does not the Senator think that would lead to endless confusion as to dollars and as to the existence of industrial contracts during those intervals? How could there be any certainty in an industrial contract?

Mr. CONNALLY. I was distinguishing between Government contracts and private contracts. I do not believe that private individuals have any right to undertake to fix a standard of money by contract, and were I to have my way, I should enact a law providing that hereafter private individuals should not make contracts except in the standard, lawful money of the United States. That is what I would do. Then all contracts would be based, not upon gold or silver

or paper, but would be based upon whatever the Government said was lawful money at the time the contract was to be discharged.

That is what was in the minds of the makers of the Constitution. The makers of the Constitution did not say that Congress shall have the power to regulate only one kind of money and fix its value. It provides that Congress has the power to coin money and regulate its value, and to determine what is money. No one else except the Government has the function of saying what is money, and if private individuals can go out and contract that there must be so many grains of gold or so many grains of silver in a dollar, then they, and not the Government of the United States, are fixing the standard of value. They are ordaining their own particular kind of money, and they are nullifying the constitutional provision, which says that Congress, and Congress alone, shall determine the standard of money.

What is money? Money is that which the Government ordains as the medium of exchange. I cannot say what money is, the Senator from Connecticut has no right to say what money is, and yet, when we get together and contract for payment in a certain kind of money and so many grains of gold, we are determining what is money. The British case, to which I referred awhile ago, laid down the doctrine that a British contract payable in pounds of a certain standard of weight and fineness could be discharged by the payment of paper pounds, because under the British law that was money at the time the contract was discharged.

Mr. FLETCHER. Lawful money, sound money.

Mr. CONNALLY. Lawful money and sound money.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. SHIPSTEAD. The British Government has established what is called a stabilization board, and given them £150,000,000 with which to operate on foreign exchange, and so manage their currency. What is that if it is not regulating the value of its currency, determining the value of its currency?

Mr. CONNALLY. I may say to the Senator that I discussed that a little while ago.

Mr. SHIPSTEAD. May I ask the Senator a question?

Mr. CONNALLY. Certainly.

Mr. SHIPSTEAD. The Senator has said a great deal about the sanctity of contract today, and that has gone through this debate since the amendment was brought up, and possibly something may be said about it again.

The Senator is aware of the fact that gold certificates call for payment in gold. In the paper last night I noticed that an order had been issued to the effect that those who have gold certificates shall bring them to the Treasury, or to some bank, or be subject to a penalty of imprisonment or a fine of $10,000. In view of that fact, does not the Senator think we are wasting time when we talk about the sanctity of contract here?

Mr. CONNALLY. Mr. President, I will say to the Senator that Senators who voted for the emergency banking bill, which contained a provision making it a penal offense for any citizen having a gold certificate or gold money not to surrender it to the Treasury, are now among those who are holding up their hands in horror and saying that we must not revalue the gold dollar, because that would violate contracts. I shall not express my own opinion as to the legality, under the Constitution, of that act, which requires the citizen to surrender his gold coin under penalty of going to the penitentiary. I do not care to discuss that.

The reason I suggested a little while ago to the Senator from Virginia that I was prepared in the case of Government bonds to agree to the payment of every ounce of gold that the Government contracted to pay was that I wanted to draw a distinction between that kind of contracts and that kind of bonds and other bonds out among the people. But, Mr. President, regardless of whether we do that or we do not, we shall not be in any worse position if we do that than the one we now occupy. Those are matters that Congress can take care of after the revaluation of the dollar shall have been made; but it seems to me absolutely essential for the success of the economic conference that the President shall have the power to revalue the gold dollar by decreasing its value if the conference is to be of any effect.

I was quoting the *Legal Tender cases* when interrupted. Listen to this quotation from the decision in the *Legal Tender cases*, which partly answers the Senator from Pennsylvania—

> Every contract for the payment of money, simply, is necessarily subject to the constitutional power of the Government over the currency, whatever that power may be, and the obligation of the parties is, therefore, assumed with reference to that power.

In other words, the Supreme Court of the United States holds that when one citizen contracts with another, he contracts with knowledge of the power of Congress to regulate the value of money, and he assumes his contractual obligation in conformity with the suspended power of the Congress to cut down the value of the medium of exchange whenever it may see fit to do so.

Again quoting from the Supreme Court:

> By the act of June 28, 1834, a new regulation of the weight and value of gold coin was adopted, and about 6 percent was taken from the weight of each dollar. The effect of this—

I want Senators who are so outraged at the suggestion to bear witness—

> The effect of this was that all creditors were subjected to a corresponding loss. The debts then due became solvable with 6 percent less gold than was required to pay them before.

I will say to the Senator from Colorado that the court admits that this was a hardship, but the court said:

> It is not every hardship that is unjust, much less that is unconstitutional; and certainly it would be an anamoly for us to hold an act of Congress invalid merely because we might think its provisions harsh and unjust.

The court held constitutional in that case the Legal Tender Act of 1862, and held that paper dollars worth 35 cents could be tendered in payment of contracts made before the act was passed which contemplated the payment of gold and silver coin, though there was no stipulation to that effect.

Mr. WAGNER. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. I yield.

Mr. WAGNER. Would it interrupt the Senator to ask him a question which, perhaps, has already been propounded?

Mr. CONNALLY. It will not interrupt me at all. I am glad to hear the Senator.

Mr. WAGNER. Is it the Senator's view that if the power were given to the President to reduce the gold content of the dollar, and should he exercise that power, that it would affect existing contracts?

Mr. CONNALLY. That is the question we have been discussing.

Mr. WAGNER. Either it does or it does not. I am not so much concerned with the constitutional question, because my view, from a reading of the *Legal Tender cases*, is that it is pretty definite that Congress has the power to reduce the gold content of the dollar——

Mr. CONNALLY. That is true.

Mr. WAGNER. As to whether we ought to do it or not is another question.

Mr. CONNALLY. That is another question.

Mr. WAGNER. But the thing I am concerned with, from a reading of the amendment, is whether, if the President shall exercise the power which we propose to confer upon him, it will affect outstanding contracts and outstanding obligations.

Mr. CONNALLY. I shall say to the Senator that the amendment does not, in terms, as I now recall it, make the new gold dollar a legal tender in the payment of debts. It provides that it shall be the standard unit of value. I shall read the provision.

> The President may fix the weight of the gold dollar in accordance with the ratio so agreed upon, and such gold dollar, the weight of which is so fixed, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity with this standard and it shall

be the duty of the Secretary of the Treasury to maintain such parity, but in no event shall the weight of the gold dollar be fixed so as to reduce its present weight by more than 50 percent.

While that fixes a new standard of value so far as the future is concerned, there is no specific provision in the amendment that makes the new dollar as such legal tender in the payment of all existing and preexisting debts.

Mr. WAGNER. Does not the Senator believe, in the interest of certainty, that it ought to be clearly set out in the proposed statute whether or not it will affect existing contracts?—because I think that is one of the vital things in this whole proposal.

Mr. CONNALLY. I will say to the Senator that I am discussing the amendment as it is; I was not undertaking to improve it or amend it. I shall ask the Senator from New York, who is a great lawyer——

Mr. WAGNER. I deny the soft impeachment.

Mr. CONNALLY. According to the Senator's view of the Constitution as construed in the *Legal Tender cases*, has he any doubt that Congress has the right to change the gold content of the dollar and make the new gold dollar legal tender?

Mr. WAGNER. I have not; nor have I any doubt that Congress can enact laws which will impair to that extent existing contracts.

Mr. CONNALLY. Exactly.

Mr. WAGNER. We do it in other cases; we provide for it in bankruptcy legislation.

Mr. CONNALLY. To be sure.

Mr. WAGNER. But that is not the question. The question is whether we ought to do it or not. I am not now referring to that question.

Mr. CONNALLY. I agree with the Senator.

Mr. WAGNER. But, in any event, the proposed law ought to be very clear, because it is an uncertainty which may raise havoc as to whether or not, if the President shall exercise the power conferred, his action can affect existing contracts, because, unless that power is specifically conferred by Congress, it will not affect existing contracts.

Mr. CONNALLY. That is right.

Mr. WAGNER. That was what the *Bronson case* decided.

Mr. CONNALLY. The Senator is correct about that.

Now let me call the Senator's attention to the fact——

Mr. SHIPSTEAD. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. Yes; I shall yield in just a moment. Let me first answer the question of the Senator from New York. It may be significant, I do not know, that another section of this bill which has to do with the issuance of greenbacks provides that they shall be legal tender for all debts, public and private. I do not know why there was no provision made as to the new dollars of the revaluated type being tenderable in payment of past-due contracts.

Mr. ADAMS. Mr. President——

Mr. CONNALLY. I yield first to the Senator from Minnesota, who has been on his feet for some time.

Mr. SHIPSTEAD. Mr. President, in the case of a contract, even though entered into by the Government itself, even though it be a Government contract, if it should be shown that under certain circumstances its character might have the effect of threatening the public safety, does not the Senator think the Government would be justified in abrogating such a contract?

Mr. CONNALLY. Of course. The Government is sovereign, and it is vested with those powers which it is assumed it will exercise in self-preservation and in the preservation and safety of its people. Of course, being sovereign, the Government, if it wills, can do a great many things which probably we would not approve of, but it could do them if it so desired.

Mr. ADAMS. Mr. President——

Mr. CONNALLY. I yield to the Senator from Colorado.

Mr. ADAMS. Mr. President, may I intrude just one suggestion: It seems to me that there is possibly a confusion as to the contracts, between the Senator from New York and myself. It seems to me that there is no question at all as to the legal-tender quality of the gold coinage for all the purposes. That is established by statute, and, beyond question, I think the language even of this amendment is sufficient; but there are two classes of contracts, one which specifies the medium of payment and says it shall be gold coin of the prescribed standard of weight and fineness. The question is whether or not such contracts can be affected. The ordinary contracts which do not define the medium of payment, such as insurance policies, such as promissory notes, and such as deposits in the banks, would obviously be affected by this provision.

Mr. WAGNER. I only had in mind—and I thought we all understood the question sufficiently so that I did not have to reiterate it—the type of contract which provides for the payment of a certain amount in gold coin of a certain weight and fineness. Those contracts will be enforced unless we by law provide that, even in the case of those contracts, the other type of money is on a parity and must be accepted in place of the gold prescribed. That is what I had in mind, and that is all that was involved in the *Bronson case*.

Mr. CONNALLY. Mr. President, the Senator from New York is correct. The Constitution gives Congress the power to regulate the value of money, and, unless it affirmatively takes action to do that thing, of course, those contracts would not be affected which call for payment in gold of the present standard of weight and fineness; but if Congress does regulate the value of money and fixes a new standard of money and then affirmatively says that that particular kind of money shall be tenderable on preexisting contracts calling for payment in gold of a certain standard of weight and fineness to the contrary notwithstanding, then the question will be clearly presented; but the Congress has got to act affirmatively to bring that about, and the bill does not seem to contain such an affirmative statement.

Mr. BULKLEY. Mr. President——

Mr. CONNALLY. I yield.

Mr. BULKLEY. I was just going to ask the Senator if it is not clear that the language of the amendment now before us does not apply to contracts providing for payment in gold of a specific weight and fineness?

Mr. CONNALLY. I suggested to the Senator from New York a little while ago that it did not seem to the Senator from Texas that the language of the bill provided that the new dollars shall be legal tender in payment of preexisting debts calling for payment in gold of the present standard of weight and fineness.

Mr. WAGNER. Mr. President, will the Senator yield once more, and I will promise not to interrupt him again?

Mr. CONNALLY. I yield.

Mr. WAGNER. If that is so, and it does not affect existing contracts, can the Senator imagine what will happen to the municipalities of the country when they are called upon to meet their obligations? There will not be one of them that will be able to avoid bankruptcy.

Mr. CONNALLY. Of course, I shall say to the Senator that there will still be the same number of gold grains, there will still be the same amount of gold in the world as now, and those gold grains as such will have the same value after the passage of this measure as they had before.

Mr. WAGNER. That is true; but the taxes which they collect will be legal-tender money; and if we reduce the gold content of the dollar, more dollars will be required to pay the obligations of the municipalities.

Mr. CONNALLY. That is true.

Mr. WAGNER. And, in my opinion, there is not one of them that could stand that strain.

Mr. BULKLEY. Mr. President, may I suggest that in the earlier *Legal Tender case*, the case of Lane County against Oregon, it was held that an act similar to this did not apply to the States.

Mr. CONNALLY. It was held in the *Lane County case* that where a State provided by statute that its taxes should be collected in coin that the Paper Legal Tender Act did not apply; but that is not the same question that is involved here, because that was a coin contract.

Mr. President, I ask the pardon of the Senate for consuming so much time, but I want to quote right on this point a little further from one of the other *Legal Tender cases*. In the case of *Juilliard* v. *Greenman* (110 U.S.) the Court held—this is in point:

> If, upon a just and fair interpretation of the whole Constitution, a particular power or authority appears to be vested in Congress—

And the power to regulate money is such a power—

> it is no constitutional objection to its existence or to its exercise that the property or the contracts of individuals may be incidentally affected.

In other words, if Congress possesses the power to do a thing, it is no constitutional objection that its acts affect the contracts or property of private individuals.

So here, with Congress having the power to regulate the value of money, it cannot be complained that it violates the right of contract.

> The power to make the notes of the Government a legal tender in payment of private debts being one of the powers belonging to sovereignty in other civilized nations, and not expressly withheld from the Congress by the Constitution, we are irresistibly impelled to the conclusion that the impressing upon the Treasury notes of the United States of the quality of being a legal tender in payment of private debts is an appropriate means, conducive and plainly adapted to the execution of the undoubted powers of Congress, consistent with the letter and spirit of the Constitution, and therefore, within the meaning of that instrument, necessary and proper for carrying into execution the powers vested by this Constitution in the Government of the United States.

Mr. President, so far as private contracts of individuals with each other, providing for the present standard of weight and fineness, according to my view, though it is not a closed question because the court may decide otherwise, Congress has the power to determine that the dollar shall be devaluated and that the new gold dollar shall be legal tender in the discharge of debts between individuals, regardless of the contractual clauses as to the present standard of weight and fineness.

Mr. REED. Mr. President, when the Senator speaks of the individual would he include States and counties and municipalities?

Mr. CONNALLY. I would unless their laws provided to the contrary, because the Federal Government was given by the States the power and right under the Constitution to fix and regulate the value of money, and the States were expressly prohibited by the Constitution from coining money or emitting bills of credit.

Mr. REED. Then if that is so, the gold-standard clause, which all those bonds contain, is quite meaningless. The effect of it is a promise to pay in dollars which the Congress may regulate from time to time. It means just the same whether we say we will pay a thousand dollars on a fixed date or whether we say we will pay a thousand dollars in gold of the present standard of weight and fineness. The meaning becomes the same.

Mr. CONNALLY. The meaning would be "lawful money." Whatever is the lawful money of the United States, that would be the money that would discharge that debt.

Mr. REED. What becomes of the credit of the States and the counties and cities while this power remains unexercised in the hands of the President? Would the Senator consider the lending of money to his own State of Texas and paying in good gold money for a State bond if the President of the United States had the power to pay him back in 50-cent dollars?

Mr. CONNALLY. Let me say to the Senator that nobody has any gold money now. They will not admit it if they have. Gold money is in the Treasury and in the Federal Reserve banks. The Senator voted for the bank bill which requires the citizen to turn his gold money over to the Government, did he not?

Mr. REED. The bill did not require it. It was the Executive order which would require it. Every outstanding Federal Reserve note is by its terms payable in gold. It is a governmental promise which for the time being we have suspended. We have not repudiated it. We have merely suspended it. It is to be assumed that the citizen considers that promise valid and his Federal Reserve note as sound money. He would hesitate a long time to lend those notes to the State of Texas or the State of Pennsylvania if the Congress and the President by future action had the power to pay him back in 50-cent dollars.

Mr. CONNALLY. The men who own those bonds of the States and counties now will never get the bonds repaid on the present basis of the valuation of commodities.

Mr. REED. Those who have Pennsylvania bonds will.

Mr. CONNALLY. I hope that is true. I hope they will all be repaid. I said on the present basis of the value of the commodities and on the present basis of the value of property. Many of them are in default now. They cannot pay the interest on many of them. How does the Senator contemplate the possibility of their discharging the bonds in full unless commodity prices and the prices of property enhance and increase?

Mr. President, I do not want Senators to draw the conclusion, as some of them no doubt do, that I favor the repudiation of the obligations of the Government. I have expressly stated here that I do not. I am perfectly willing the Government shall pay every bondholder every grain of gold stipulated in the contract. But I do hold to the theory that the Congress has the power to determine the standard of money and to regulate its value. I believe when the value of the gold dollar goes so high that it is unconscionable, compared with other commodities, the Government ought to exercise its power.

There is only $5,000,000,000 of gold in the United States. Senators speak about five billions of gold as if every man who loaned any money had gold. Why, Mr. President, suppose we decrease the value of the gold dollar 50 percent and appropriate $5,000,000,000 to repay the holders of the gold. We could well afford to do so, but based on that 5 billions of gold are 300 billions of property which is affected and which fluctuates according as gold goes up or down.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Alabama?

Mr. CONNALLY. I am glad to yield.

Mr. BLACK. A few moments ago a statement was made by the Senator from Pennsylvania in connection with the point which the Senator from Texas is presenting that I do not think should remain unchallenged. I want to invite the Senator's attention to it.

The Senator from Texas very properly called attention to the English case and the Senator from Pennsylvania assumed that by reason of the fact that England has no written constitution and we do have a written Constitution, that case would not apply. In order that it may be placed in the RECORD, let me say that the power the English Parliament has is to regulate the value of the currency. That is the power it exercises. It makes little difference whether it has that power by reason of the absence of a constitution or by reason of the presence of a constitution.

England had the power, without a constitution, to regulate the value of the currency. The courts have held that it properly did so. Congress has the right under the Constitution to regulate the value of the currency. The Senator from Texas, as I understand it, is arguing that the power is just as forceful and effective when given in a constitution as though it were given to the people without a constitution.

Mr. REED. Mr. President, if the Senator from Texas will permit me——

Mr. CONNALLY. I am glad to yield to the Senator from Pennsylvania.

Mr. REED. I think the Senator from Texas understood me all right, but I did not make myself clear to the Senator from Alabama. We are all agreed that Congress has the power to regulate the currency and the value of coins. Of course there is no doubt about that. The question is whether that power to regulate includes the power to impair the obligation of existing contracts. That is the only matter in which we have any doubt.

Mr. CONNALLY. I am coming to that. Let me say to the Senator from Pennsylvania and to the Senator from Alabama that the Senator from Alabama is correct in that Great Britain, under her system, has vested sovereign legislative power in the Parliament. The Senator from Pennsylvania is correct in that there is no written constitution which limits the power of Parliament. The Senator from Pennsylvania evidently meant to imply by that interjection that there is something in our written Constitution which limits the power of Congress to regulate money, which does not exist in the British system.

I want to invite the attention of the Senate to the fact that there is nothing in the Constitution of the United States which prohibits Congress from impairing the obligation of a contract. The prohibition in the Constitution is on the States. It provides that no State shall enact a law which impairs the obligation of contracts, but there is no such limitation of power as to the Congress. We have enacted laws from the beginning of our Government which do impair the obligation of contracts. Let me invite attention to an act for which the Senator from Pennsylvania voted during the last session of Congress.

We amended the bankruptcy law so that railroad companies who have maturing bonds, payable in gold of the present standard of weight and fineness, may now seek the protection of the bankruptcy courts and scale down their bonds from the present standard of weight and fineness and force their creditors to accept 50 cents or 25 cents on the dollar or whatever the court may determine the liquidation will finally produce. What does that do to a contract? Does that impair it? It not only impairs the contract between the railroad company and its bondholders but in some cases it wipes out the contract.

Of course, that is under the express grant of power. The Constitution expressly grants to Congress the power to enact bankruptcy laws, but it also expressly grants to Congress the power to regulate the value of money; and whenever the Congress possesses the direct power to do any particular thing the Supreme Court holds that in the exercise of that specific grant all contracts and all things fall before the exercise of that sovereign power. That is what the Supreme Court has held.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from Texas yield to the Senator from Virginia?

Mr. CONNALLY. I am glad to yield to the Senator from Virginia.

Mr. GLASS. When a railroad or an individual either goes into bankruptcy, does not the railroad or the individual have to surrender all of the assets into the hands of a receiver?

Mr. CONNALLY. To be sure.

Mr. GLASS. The proposal involved here does not require the United States Government to surrender anything. It simply enables it to repudiate one half of its debts.

Mr. CONNALLY. I have twice tried to make clear to the Senate that I am not advocating that the Government shall force its creditors to accept the new gold dollars in payment of its bonds.

Mr. GLASS. That I understand.

Mr. CONNALLY. How does the Senator reach the conclusion that I am proposing to force the Government of the United States to do something?

Mr. GLASS. I am not saying that the Senator is undertaking to force the Government to do something. I am saying that the proposal now before us authorizes the Government to do that.

Another question I should like to ask the Senator, if I may. The Senator dwells upon the fact that there is nothing in the Constitution that prohibits the Federal Government from impairing the obligation of a contract, but there is something in the Constitution that prohibits the States from enacting a law that would impair the obligation of a contract. Why does the Senator from Texas imagine that was put in the Constitution, that limitation upon the power of sovereign States? Was it not because the central Government regarded an act of that sort as utterly immoral?

Mr. CONNALLY. I do not know that it was on the grounds of morality.

Mr. GLASS. It was on the ground of common honesty, at any rate.

Mr. CONNALLY. There are many considerations. For instance, the Federal Government might desire to protect the citizens of Virginia against any law of my State which might discriminate as between his citizen and a citizen of my State. There are all sorts of considerations that might have entered into that question. But let me make a suggestion to the Senator from Virginia. He seems to think that because the Constitution prohibits the States from enacting laws which may impair the obligation of contracts, it is thereby implied that the Federal Government cannot do it. The same care, the same wisdom, the same caution that caused the convention to insert that clause in the Constitution as to the States would have prompted them, if they had so desired, to limit similarly the Federal Government; but they did not do it.

Mr. GLASS. I imagine that the implication was so obvious that it was not necessary.

Mr. WAGNER. Mr. President, as a matter of fact I think the record of the convention will show that there was a resolution offered to incorporate in the Constitution a provision that the Federal Government should not enact legislation to impair the obligation of contracts, and it was defeated in the convention.

Mr. CONNALLY. I thank the Senator from New York.

Mr. REED. Mr. President, will the Senator permit me to suggest that it is provided in the fifth amendment to the Constitution that no person shall be deprived of property without due process of law? I think that an act impairing the obligation of an existing contract would violate that amendment.

Mr. WAGNER. Mr. President, the language in the case of Lee against Knox is quite to the contrary—that it is not a fair assumption to say that under all circumstances Congress has not the right to impair the obligation of an existing contract.

Mr. CONNALLY. Let me say to the Senate that this is the test of whether Congress has the right to abrogate a contract or impair one:

The Constitution defines what Congress may do. If it grants to Congress the right to do a certain thing, then Congress may do that thing, and all contracts and other obstructions of private citizens must give way. What is the philosophy of it? The philosophy of it is that the constitutional grant to Congress of power to do a certain thing is a sovereign grant of power, and if private individuals could by contract prevent the execution of that power, there would be no use of Congress having such a power. Every right and contract must give way, provided Congress is exercising a clear grant of power in doing some particular thing, and all incidental things must give way. That is the test.

Mr. LOGAN. Mr. President——

Mr. CONNALLY. I yield.

Mr. LOGAN. It it not true, though, that the makers of the Constitution assumed and had a right to assume that the Government of the United States will always be a gentleman in dealing with its citizens in relation to any contract that it might make, and for that reason there is no provision in the Constitution which forbids the repudiation of a contract? But does not the Senator think that it was because the repudiation of a contract, or the failure to perform it exactly as made by the Government, was unthinkable?

Mr. BORAH. Mr. President——

Mr. CONNALLY. I yield to the Senator from Idaho.

Mr. BORAH. If the Senator is correct in that view, why the fifth amendment? That was put in for the very purpose of preventing the Government from encroaching upon the rights of the citizen.

Mr. LOGAN. Let me say that that was at a later date; and the idea of the Government's being a gentleman did not hold out as long as it should. [Laughter.]

Mr. GORE and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. Just a moment. Let me say to the junior Senator from Kentucky that if that doctrine were true—if Congress could not pass any law which, in its incidental effects, impaired a contract—the Federal power would be paralyzed. The power of the Government would be paralyzed.

Take the taxing power. Congress has the power to levy taxation. Chief Justice Marshall held, in the case of *McCulloch* against *Maryland*, that when that power was exercised it could be exercised, if need be, to the point of destroying any agency upon which it was levied.

Mr. LOGAN. Mr. President, will the Senator allow me to interrupt him just on that point? Then I am done.

Mr. CONNALLY. I yield.

Mr. LOGAN. I desire to suggest to the Senator that Congress cannot pass a law impairing the obligation of a contract; but Congress has a right to assume that whenever a contract is made, the provision of the Constitution relating thereto becomes a part of the contract, and that it is entered into with the understanding that the contract may be modified by Congress. That is not a repudiation of a contract, if we view it in that light.

Mr. CONNALLY. It is an impairment, though.

Mr. LOGAN. No; it is not an impairment of a contract, because the constitutional provision is a part of the contract, and the contract therefore provides that Congress may change it. Consequently, it is not an impairment of the contract.

Mr. BARKLEY. Mr. President——

Mr. CONNALLY. I yield to the senior Senator from Kentucky.

Mr. BARKLEY. If I understand the force of this provision about the impairment of contracts, it does not attempt to prohibit a State from dealing with its own contracts in such a way as it may see proper; but, aside from that, if the Federal Government is to be literally construed as not having any power to pass a law impairing the obligation of a contract, it would be impossible, and always would have been impossible, for Congress to have passed a general bankruptcy law——

Mr. CONNALLY. To be sure.

Mr. BARKLEY. Which not only impairs but in many cases discharges absolutely without payment the obligation of a contract. So that we cannot place upon the Federal Government the same literal interpretation of the implication resulting from that prohibition against the States that might seem analogous.

Mr. CONNALLY. Mr. President, the Supreme Court has passed on this question. Let me read just a line or two from the Supreme Court.

In the *Sinking Fund cases* (99 U.S. 700, 718) it was said:

> The United States is not included within the constitutional prohibition which prevents States from passing laws impairing the obligation of contracts (but equally with the States they are prohibited from depriving persons or corporations of property without due process of law).

Let me quote the case of *Hepburn* v. *Griswold* (8 Wall. 602, 623). This is the *Legal Tender case*, the one that held the Legal Tender Act unconstitutional. Here is what the Supreme Court under Chief Justice Chase, said:

> Congress has express power to enact bankrupt laws, and we do not say that a law made in the execution of any other express power, which, incidentally only, impairs the obligation of a contract, can be held to be unconstitutional for that reason.

In *Mitchell* v. *Clark* (110 U.S. 633, 643) it was said:

> It is no sound objection to an act of Congress that it interferes with the validity of contracts, for no provision of the Constitution prohibits Congress from doing this, as it does the States; and where the question of the power of Congress arises, as in the *Legal Tender cases*, and in bankruptcy cases, it does not depend upon the incidental effect of its exercise on contracts, but on the existence of the power itself.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. CONNALLY. Just a moment.

So, Mr. President, it all goes back to the proposition that if Congress is acting under an express power to do a certain thing, all incidental matters must fall before that power, including contracts between private individuals. So, in this case, when Congress exercises the express grant of power to regulate the value of money, and does regulate the value of money by revaluing the gold dollar, its action cannot be annulled by a man rushing frantically forward and saying, "Wait a minute! Congress has the power to revalue money; Congress has the power to regulate the value of money, but you cannot do that. Bill Jones has a mortgage over here at the bank, on a spotted yearling, for $40; and it is provided that it can be paid only in gold dollars of the present standard of weight and fineness."

Why, Mr. President, it is absurd, it is ridiculous to assume that private individuals, by making a contract, can oust the Federal Government from the exercise of its sovereign powers. The question as to whether Bill Jones will have to pay the $40 in gold money of the old or the new issue is not to be decided here. That is to be decided in the courts after the Congress acts.

Mr. BLACK. Mr. President, will the Senator yield now?

Mr. GORE. Mr. President——

Mr. CONNALLY. I yield to the Senator from Alabama.

Mr. BLACK. The Senator's argument is very clear and explicit; and the cases, of course, sustain absolutely the position he has announced. May I call his attention to the fact that those cases and all the others say that the law of the land, whether the Constitution or otherwise, is a part of the contract.

Mr. CONNALLY. To be sure.

Mr. BLACK. And when a contract is made to pay a certain amount of gold money, it is the same as though there were added to the agreement to pay, to the contract itself, this statement:

> *Provided, however*, That this obligation can be discharged by paying the amount of gold fixed by Congress under its constitutional power.

Mr. CONNALLY. At the time of payment.

Mr. BLACK. Certainly.

Mr. CONNALLY. To be sure. The Senator is correct in the statement of that proposition.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Oklahoma?

Mr. CONNALLY. I yield for a question.

Mr. GORE. I was wondering if this might have any bearing on the Senator's reasoning and conclusion:

Under the power to regulate the value of money the Senator insists that Congress can cut down the number of grains in a gold dollar.

Mr. CONNALLY. No; the Senator does not insist on that. The Senator admitted, early in the debate, that it was a serious constitutional question, and it was not a closed one. The Senator is simply pointing out what he thinks is the power of Congress. That is my contention, but I am not taking the position that it is at all a clear question. It is open to question. I do not know what the Supreme Court would decide.

Mr. GORE. The point was, as I understood the Senator—I may have misunderstood him—that Congress could, as an incident to its power to regulate the value of money, reduce the weight of the gold dollar——

Mr. CONNALLY. That is right.

Mr. GORE. So that a given amount of gold would buy twice as much; and he cited the instance of the yearling. I was wondering this: If Congress should destroy one half the yearlings in the United States, the price of the other yearlings would go up. Does the Senator think the Congress could do that by way of regulating the purchasing power of money? It would have the same effect. Would you hold that to be merely incidental to the power to regulate the value of money?

Mr. CONNALLY. No; the Senator from Texas was not discussing yearlings except incidentally. He was merely insisting that, if Congress decided to revalue the gold dollar, a fellow with a yearling contract could not butt the Government out of the way and say, "You cannot change it because I have a mortgage on a yearling, and it is payable in dollars of the present standard of weight and fineness."

Mr. GORE. Undoubtedly Congress, by giving the legal-tender power to gold, can give added value to a diminished number of grains in the dollar.

Mr. CONNALLY. That is true.

Mr. GORE. But it could bring about the same effect, the same reaction on the purchasing power of money, by destroying the property of the country, except by such destruction of property it would decrease rather than increase the purchasing power of gold.

Mr. CONNALLY. I will answer the Senator if he desires me to do so.

The Senator from Texas is not trying to destroy any property. What is property? Property is houses, farms, food, the products of our fields. That is wealth. That is property. Gold is just a commodity, except for the use of gold by the Government as money. Gold has no more value than any other useful article in trade or commerce; but governments, by using gold as money, have created a demand for it which artificially has raised its value beyond what it would have as a commodity.

The trouble with gold today is that by the action of Great Britain in putting India on the gold standard, and other governmental action, gold has gone up to a ratio or to a value higher than is fair and just to other commodities. We have just as much other wealth as before, but when we convert that wealth into money—and that is the only way we can do business—it does not get the value that it formerly did; and therefore, instead of undertaking to regulate all commodities, one at a time, the Senator from Texas is trying to regulate the value of money, and thereby regulate the value of everything that is measured in money.

Mr. BARKLEY. Mr. President——

Mr. CONNALLY. I yield to the Senator from Kentucky.

Mr. BARKLEY. Of course, all of this is complicated legally and financially and economically, so that nobody can say that he has mastered it, or that he has the last word on the subject. Just thinking out loud for a moment about it, however, it occurs to me that if it be contended that Congress never can change by regulation, as the expression is used in the Constitution, the weight and fineness and content of a gold dollar because there may be outstanding contracts which might by implication be violated or impaired, then there never could be a time in the history of the Nation when Congress could deal with that subject, because contracts that were entered into immediately after the present standard of weight and fineness was established a hundred years ago, if they still were in existence, or any new contracts made since that time, or that might hereafter be made, that were still unperformed, would operate to prevent Congress from ever exercising the power given it by the Constitution, even in a thousand years.

Mr. CONWAY. The Senator is correct. The *Legal Tender cases* held that a contract entered into before the law was enacted, for the payment of a dollar, could be discharged by the payment of a paper dollar worth 35 cents. Nobody disputes that that is the decision of the Supreme Court. Yet Senators say that while that could be done, it would be unconstitutional to pay that contract in a 90-cent gold dollar. It is all right and constitutional to clip off 65 cents worth of a dollar with a paper dollar, but if Congress undertook to reduce the gold content by 10 percent, a man who had a contract calling for the full amount could not be paid by giving him 90 percent of its value.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Louisiana?

Mr. CONNALLY. I yield.

Mr. LONG. I just want to ask the Senator his opinion on this matter. We have $44,000,000,000 of outstanding Government obligations payable in gold of the present standard of weight and fineness. We have only $4,000,000,000 worth of gold, in round figures, with which to pay them. Could it be said that the $44,000,000,000 worth of bonds being payable in gold, the law would require the absurdity that we had to pay them with $4,000,000,000 of gold?

Mr. CONNALLY. The Senator points out, of course, a physical impossibility. If all the holders of bonds payable in gold should demand payment at once, they could not be paid, but experience has taught us that they do not all do that at the same time.

Mr. REED. Mr. President, what is to prevent the Government's buying back the gold in the market from the first comers in order to pay the second comers?

Mr. CONNALLY. We would have to issue some more bonds, of course.

Mr. LONG. Suppose the first comers did not want the bonds?

Mr. CONNALLY. After all, it is not the actual gold, it is the gold as a measure of value, and that is where the power of Congress comes in, in that Congress has the power to determine the measure of value.

Now, Mr. President, I want to conclude.

Mr. LEWIS. Mr. President, will the Senator yield to me a moment?

Mr. CONNALLY. I yield.

Mr. LEWIS. I should like to call the attention of the able Senator from Texas to the fact that it was by an act of Parliament, in the time of Sir Robert Peel, who tendered the act which became afterward known and is now recognized as the Peel Act, under which there were prescribed the number of grains of gold that should constitute a pound, and the value of the pound, as such, was then created by act of Parliament.

Thereafter the United States, in prescribing the matter of the gold dollar, merely copied the system prevailing in England, and gave to so much gold, making a dollar, a value by the declaration of the act of Congress. Therefore, if the declaration of an act of Congress could give value to the American gold dollar, as the declaration of the act of Parliament, at the time of Sir Robert Peel, gave the value to the pound, what is the basis for the doctrine that the same authority which by law created value cannot likewise qualify that value by lifting a lesser quantity to the same value?

Mr. CONNALLY. I thank the Senator. The Senator has stated the proposition much more clearly than the Senator from Texas possibly could have stated it.

It is a sovereign grant of power to fix the value of the dollar, and therefore regulate it, which means, of course, whenever Congress sees fit to do so, to change the value by reducing the number of grains, or by increasing the number of grains.

Mr. President, just a word to those Senators who insist on the sanctity of a contract, no matter what the object of the contract may be. This is what the Supreme Court said:

> Nor can it be truly asserted that Congress may not by its action indirectly impair the obligation of contracts, if by the expression he meant rendering contracts fruitless or partially fruitless. Directly it may, confessedly, by passing a bankrupt act, embracing past as well as future transactions. This is obliterating contracts entirely. So it may relieve parties from their apparent obligations indirectly in a multitude of ways. It may declare war.

O Mr. President, it may declare war, and when it declares war it may draft human lives and may send them out onto the battlefield, because incidental to the power to declare war is the power to make war, and incidental to the power to make war is the power to draft soldiers. But Senators contend that while it may take your body or mine and send it to the battlefield under a direct grant to make war, it cannot cut 5 cents off a gold dollar, because somebody has a contract requiring payment in so many grains. Yet the rule is identically the same.

Mr. GORE. Mr. President, will the Senator yield?

Mr. CONNALLY. In just a moment. In the one case Congress is acting under its direct power to make war, in the other case it is acting under its direct power to coin money and to regulate the value thereof. When it acts in either capacity, all values in the way must give way.

I yield first to the Senator from Nebraska, as he asked me to yield first.

Mr. NORRIS. I was going to ask the Senator, assuming the proposition now to be that, instead of decreasing the amount of gold in the dollar, it was a proposal to increase it. What would these people then claim under their contracts providing for payment in gold of the present standard of weight and fineness?

Mr. CONNALLY. Most of them, when the contracts became due, would demand payment in the lawful money at the time of payment. Of course, the power to make connotes the power to increase as well as to decrease.

Now, just one other statement, and then I will yield to the Senator from Oklahoma. I quote further from the Supreme Court:

> It may declare war, or, even in peace, pass nonintercourse acts, or direct an embargo. All such measures may, and must operate seriously upon existing contracts, and may not merely hinder but relieve the parties to such contracts entirely from performance. It is, then, clear that the powers of Congress may be exerted, though the effect of such exertion may be in one case to annul and in other cases to impair the obligation of contracts.

Is there anything clearer in the English language than that statement? Congress, exercising the power which it has a right to exercise, may incidentally annul contracts and impair them. They must give way.

I wonder where the Senator from Pennsylvania has gone?

Mr. REED. I came over here on the Democratic side, in order to be closer to the Senator.

Mr. CONNALLY. I want to quote the Supreme Court further. I saw the words "a new tariff" in the Supreme Court decision, and I wanted to quote that decision. The Supreme Court stated:

> A new tariff, an embargo, a draft, or a war may inevitably bring upon individuals great losses; may, indeed, render valuable property almost valueless. They may destroy the worth of contracts. But whoever supposed that, because of this, a tariff could not be changed, or a nonintercourse act, or an embargo be enacted, or a war be declared?

Mr. President, there is the constitutional authority, as clear as the sunlight, that when Congress acts under express power, contracts of individuals must go down before it. The Senator will grant our right to enact a tariff law, because ever since the depreciated currencies of Europe have been in force, the Senator from Pennsylvania has been insisting that we ought to enact another tariff law, to build the tariff up higher and higher and yet higher. He is willing to increase the values of people who manufacture goods in the United States by a tariff law, and make people pay more for them. He is willing to cheapen the dollar in that respect, but he is not willing to cheapen it in a clear exercise of constitutional congressional power.

Mr. REED. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. REED. The very bill which is the pending business in the Senate provides for a practical doubling of the tariffs on all foodstuffs, yet the Senator from Texas is going to vote for it, and I am going to vote against it.

Mr. CONNALLY. Very well. Does the Senator deny that we have the power to do that?

Mr. REED. Not at all.

Mr. CONNALLY. The Senator does not deny the power of Congress to increase the tariff. Suppose I have a contract with some man in Europe providing for the delivery of certain goods in the United States at a certain time, and before those goods have been introduced into this country the tariff is raised, and there is nothing in the contract providing for that. What happens? Is not that contract impaired? Is not that contract affected by the action of the Government in passing a tariff law? But would anybody say that on that account the tariff law was unconstitutional? Would anybody say that two individuals, by entering into a contract, could prevent the enactment of a tariff law? Does not every tariff law that is passed affect the contracts of importers and exporters, affect the people here at home who have contracts for the output of their factories, when their costs of production are changed or varied? Does that not incidentally affect all such contracts? But the acts are not thereby declared unconstitutional.

I want to quote now from one other case, the case of *Nortz* v. *Miller* (285 Fed.), in which the court said:

> "Congress can, and often has, without impinging upon any constitutional guaranty, impaired the obligation of contracts which, when made, were binding upon the parties thereto." The prohibition of laws impairing the obligation of contracts is expressly directed at State action and does not apply to Congress, which may pass laws directly, or indirectly, impairing the obligation of contracts.

Mr. President, at this point I ask unanimous consent to insert in the RECORD a copy of the English decision to which I adverted earlier in my remarks, holding that a gold contract providing for payment in gold pounds of a certain weight and fineness may be discharged by the payment of British paper pounds, lawful money at the time of the payment.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From the Law Times (London), vol. 175, no. 4696, Saturday, Apr. 1, 1933, p. 251]

COURT OF APPEAL

RE SOCIETE INTERCOMMUNALE BELGE D'ELECTRICITE

FEIST *v.* THE COMPANY

(Lord Hanworth, M.R., Lawrence and Romer, L.J.J., Feb. 15, 16, and Mar. 17)

Foreign bond—Construction—Contended that terms of bond were to pay 100 pounds in gold coin or sterling value of gold coin on a particular date—Whether such terms enforceable—Whether promise to pay 100 pounds or some unascertained sum—100 pounds payable in any form which was legal tender

Adjourned summons. The plaintiff, who was the holder of a 5½-percent gold bond for 100 pounds, part of an issue of 500,000 pounds in 100-pound bonds, made by a Belgian company on the 25th of September, 1928, asked for a declaration that on the true construction of the provisions of the bond the principal and interest when due either were repayable in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on the 1st of September 1928, or in the alternative the defendant company when the principal and interest became repayable were bound to pay in sterling such sum as would be sufficient to buy in the market on the day of payment gold coin of the United Kingdom which would be of the same fineness and weight as would be sufficient to discharge the company's liability if the payment fell due on 1st of September 1928. The provisions of the bond were, inter alia, that the principal and interest when due were repayable in sterling in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on 1st of September 1928, but it was contended by the defendants that, as 100 pounds with interest was repayable, the obligation was satisfied by the tender of the 100 pounds and interest in whatever happened to be the form of legal tender when such 100 pounds and interest became due. A condition of the bond was that it was to be construed according to the law of England, and the parties submitted to the jurisdiction of the English courts; and the other material condition was that the bonds should constitute the direct and unconditional liability of the company in sterling in gold coin of the United Kingdom. Held by Farwell, J. (174 L.T. Jour. 367), that the bond was for the repayment of 100 pounds with interest and not for the repayment of some unascertained sum. As regarded the contention that the 100 pounds with interest was payable in gold currency, no doubt that appeared on the literal construction of the document to be true; nevertheless, the plaintiff could not insist on the obligation being fulfilled in that way, and the defendants were entitled to satisfy the obligation by tendering 100 pounds with interest in any form which happened to be legal tender in England at the time when the money became payable, and there would be a declaration to that effect. The plaintiff appealed.

Held, dismissing the appeal, that the words "in sterling" denoted the standard currency of this country, for the contract was to be interpreted according to English law. The law of England had withdrawn gold from circulation, and in 1928 the issue of notes was given again to the Bank of England in denominations of £1 and 10s., and those were made legal tender. Under the express terms of the material statutes the plaintiff was legally bound to accept bank notes in payment of the moneys secured by the bond. The company had agreed to pay the debt and interest in gold coin, but the legislature had said that it might lawfully be discharged by tendering bank notes.

(Counsel: for the appellant, A. T. Miller, K.C., Lionel Cohen, K.C., and C. J. Radcliffe; for the respondent company, Gavin T.

Simonds, K.C., and H. S. Buckmaster. Solicitors: For the appellant, Allen and Overy; for the respondent company, Stephenson, Harwood, and Tatham.)

Mr. CONNALLY. Does the Senator from Oklahoma desire to ask me a question?

Mr. GORE. Yes. I agree with the Senator that Congress may pass an act which incidentally impairs the obligation of contracts. Congress may directly impair the obligation of contracts under the bankruptcy powers. I have never felt, in view of the fifth amendment, that Congress could make a frontal attack or a direct attack on a contract, otherwise than through the bankruptcy powers.

The Senator used an apt illustration and he came to the direct point that the Government could, under the war power, take a human being and send him to war, perhaps send him to his death. That is true. Does the Senator think that, under the war power, Congress can confiscate property?

Mr. CONNALLY. No; because of an express prohibition. If there were an express prohibition in the Constitution that Congress could not impair the obligation of a contract, there might be some comparison between the Senator's position and mine.

Mr. GORE. I am sorry to hear the Senator say that. The Senator from Idaho asked a few minutes ago why the fifth amendment was inserted in the Constitution at all. There was an historic contest on that proposition.

Mr. CONNALLY. Mr. President, will the Senator pardon me? I want to conclude. I yield for a question, but not for extended remarks.

Mr. GORE. Very well. I will put it in the form of a question.

A State government possesses all legislative powers which are not denied to it either by its own constitution or by the Federal Constitution. Congress has no legislative power except such as is vested in it by the Constitution of the United States, either expressly or by implication. That is true, is it not?

The challenge that there is no clause in the Constitution which prohibits Congress from impairing the obligation of contracts leads us nowhere. Congress has only such powers as are granted it, either expressly or by implication.

I was going to mention the controversy as to implied powers between Hamilton on the one side and Jefferson and Madison on the other, Jefferson and Madison insisting on the first 10 amendments as a bill of rights to protect the citizen against the arbitrary exercise of power. Hamilton insisted that a bill of rights was unnecessary. I ask the Senator, as I was unfortunately absent when he began, did the Senator comment on the decision by the World Court rendered July 12, 1929, holding that the gold clause in international contracts was valid and had to be observed?

Mr. CONNALLY. The Senator did not.

Mr. GORE. I hold the decision in my hand, holding that Brazil and Yugoslavia were bound to make payment in gold or its equivalent.

Mr. CONNALLY. With all due respect to the Senator, I yielded only for a question. I want to conclude. I do not care to have published in the middle of my remarks this decision of the World Court, if the Senator will please excuse me.

Why, of course; but, Mr. President, answering the statement of the Senator from Oklahoma, in which he said that Congress had no power except that which is expressly delegated to it, I will say there is no conflict between that position and the one which the Senator from Texas occupies when he says that Congress has been expressly granted the power to regulate the value of money; and when it regulates the value of money if in doing so some man's contract is affected, under the holdings of the Supreme Court, such contracts must give way, because it is the action of a sovereign government under an express power.

Mr. President, I want to conclude. I beg the Senate's pardon for consuming so much of its time.

Mr. President, I started out to endeavor to demonstrate that the Senator from Pennsylvania and others were in error when they undertook to hold up this amendment as providing for wholesale inflation. I ventured to suggest that the first section provided for only $3,000,000,000 expansion, when, under the present gold reserve, we might expand $4,000,000,000 and still have a sufficient Federal gold reserve. However, Mr. President, referring to what the Senator from Oklahoma said a minute ago about a decision of the World Court on the gold standard—I have not read the decision—I drew from what the Senator said that the World Court, and international authorities, regard gold and gold settlements as the heart of international finance; and that is true.

We are about to enter an economic conference; the President already is discussing with statesmen of Europe the settlement of currency questions, arrangements with reference to war debts, perhaps, foreign trade, tariffs, and commerce. May I say to Senators that money and currency are the heart of all these other questions. The pending amendment is a grant of power to the President in order to arm him so that when he enters that conference, if it shall be desirable to have Europe return to a gold standard—and the Senator from Pennsylvania admits that it is desirable to have that result accomplished—the President of the United States may have the power to enter into agreements with foreign nations whereby, if they return to the gold standard on a lower ratio of gold for their currencies, the United States may revalue its own gold dollar in a measure somewhat comparable to the standards of foreign nations. So far as the consequences that might follow are concerned, we can take care of them here at home. Let me say to the Senator from Virginia that Government obligations can still be paid in full when the Congress comes to settle the results after the revaluation of the gold dollar. A man who has a contract requiring the payment of gold in grains of standard weight and fineness is not deprived of any right which he may have, for he still has the forum of the courts; he may go into the courts, and, if his contract is still valid, he may have that contract enforced.

Mr. President, simply because we have not revalued the gold dollar in the immediate past is no reason, when we are now confronted with the wisdom and the desirability of reducing the value of the gold dollar, why Congress should be so timid and so afraid as not to do that which is required by the public interest.

Mr. President, we have been in the grip of this depression for nearly 4 years. Instead of conditions improving, they have been growing more bitter and more distressing from day to day. In this tragic era, to whom are the people of the United States to look for redemption? Are we going to look to European nations that by the reduction of their own currencies have won our trade, that by the instability of their currencies are disturbing our transactions? Mr. President, the people of the United States are looking to Congress and are looking to the President to take those steps which will be in the national interest, and I believe——

Mr. GORE rose.

Mr. CONNALLY. I yield to the Senator from Oklahoma for a question.

Mr. GORE. I think the Senator's answer to my question was correct when he said that Congress could not confiscate property even in time of war. His answer was in effect to cite an express prohibition that no person shall be deprived of property without due process of law. I do not think the courts have passed directly on the point I am about to mention, and, for that reason, I propound it to the Senator: Suppose that I had bought from the Senator a number of yearlings, to which he referred awhile ago, and had given him my note for $1,000—I have considered contracts as property—does the Senator think that Congress could pass a law providing that that $1,000 contract could be paid off with $500?

Mr. CONNALLY. No. The Senator from Texas thinks that the contract calling for the payment of $1,000 can be paid in $1,000 of a value fixed by Congress between the date of the making of the contract and the time of its payment. That is what the Senator from Texas says.

Mr. GORE. The Congress cannot directly provide that a $1,000 contract may be liquidated with $500, but it may do so by cutting the amount of gold in two. I think the Senator is right where the contract does not stipulate that the payment shall be made in gold of the present weight and fineness; there is no doubt about that, but I doubt the power where the contract calls for payment in gold coin of standard weight and fineness. That is the point of law which I raise and which I believe the Court has settled.

Mr. CONNALLY. The Senator confuses bullion contracts—and that is what the English decision held—with dollar contracts. If I make a contract for the payment of so many dollars, payment can be discharged with so many dollars, while if I make a contract for so many grains of gold, it can only be discharged by the payment of so many grains of gold. A contract, however, cannot be both a bullion contract and a dollar contract; it must be one or the other.

Mr. GORE. The Supreme Court, in the case of Bronson against Rhodes, I believe, did say that.

Mr. CONNALLY. If the Senator had been here, I quoted from the *Bronson case* in the opening of my remarks. I am not trying to delude the Senate.

Mr. GORE. I assume that in the second set of *Legal Tender cases*, the case of Lee against Knox and in the case of Parker against Davis, in Twelfth Wallace—

Mr. CONNALLY. I have read both of them to the Senate.

Mr. GORE. Did the Senator read to the Senate another case decided at the same session of the Supreme Court in which Mr. Justice Bradley, who had concurred in the opinion in the *Legal Tender cases*, dissented because, he said, the argument in the case of Treblecox against Wilson was contrary to the doctrine which he had laid down in the *Legal Tender cases* bearing upon this very point at the same term of the court. The case of Treblecox against Wilson involved a contract payable in gold of standard weight and fineness. The court sustained the contract in spite of the then recent legal-tender decisions.

Mr. CONNALLY. I will say to the Senator that I did not read that particular decision, but I read to the Senate every pertinent decision in the *Legal Tender cases*. I did not read the dissenting opinions. If the Senator had been here honoring me with his presence, I should not now have to repeat what I have said to the Senate, much to my own embarrassment and much to the annoyance and weariness of the Senate.

Now, Mr. President, in conclusion let me say that of course the pending amendment contains a tremendous grant of power to the President. I am not going to discuss the constitutional aspects of that question, but, Mr. President, the task before the President is a gigantic one. He must have tremendous power to meet the responsibilities which rest upon him; and after these agreements shall have been made, let Senators be not afraid. Congress will still be here in Washington; the Constitution will still remain in force; the courts will still be sitting, and Senators need have no fear that any substantial right or privilege of any American citizen guaranteed by the Constitution will be deprived him.

Mr. President, this is an effort of the Congress and of the President to do something toward recovery. For 4 years we have followed the leadership of the Senator from Pennsylvania and his colleagues under the last administration. We followed many will-o'-the-wisps, and we became lost in the bogs and swamps. Now that the administration has changed, now that we have a leader who has vision and courage and a program, a leader in whom the people of the United States have confidence, let not the Congress stand in the way; let us arm the President with sufficient power to go to the economic conference and bring back some tangible result and offer to the people of the United States a highway out of the morasses of panic and suffering and depression with which they are now surrounded.

Mr. DILL. Mr. President, will the Senator yield?

Mr. CONNALLY. I am through.

Mr. DILL. I want to ask the Senator a question.

Mr. CONNALLY. Very well, I yield.

Mr. DILL. Does not the Senator think it would be wise to bestow the power also to increase the gold content of the dollar, as well as to decrease it?

Mr. CONNALLY. The Senator from Texas would say "yes" if this were to be a continuing power, but in the present attitude of the world, the Senator from Texas cannot conceive why there should be any increase in the gold content of the dollar.

Mr. DILL. Of course, if we decrease it, we make gold more valuable; we double the value of gold?

Mr. CONNALLY. We double it by statute, but we leave the value of gold as a commodity where it is now. It will be the same at the mint. At the mint it will be worth more in dollars, but it will not affect any other currency; it will not affect any commodity; it will merely buy more dollars; that is all.

Mr. DILL. It seems to me the trouble today is that gold is too high, and if we decrease gold we make it even higher.

Mr. CONNALLY. Let me say that the Senator confuses gold with the gold dollar. The gold dollar is high, but whether the gold dollar has 23 grains or 16 grains does not change the amount of gold in the world. As a commodity, robbed of its status as a dollar, it will remain just the same; it will be worth just as much in British pounds and French francs and German marks. We will take 23 grains of gold and we will make a dollar and a half, we will say, but the gold itself will have the same intrinsic value; it will merely buy more dollars because dollars are merely a fiction; a dollar is a symbol; it is simply a certain amount of money which the Government says is a dollar.

Mr. DILL. Mr. President, will the Senator yield further?

Mr. CONNALLY. I yield.

Mr. DILL. What is now the value of gold per ounce?

Mr. CONNALLY. It is worth $20.67.

Mr. DILL. What will it be worth if we double it or increase it by 50 percent?

Mr. CONNALLY. In dollars it will be worth 50 percent more.

Mr. DILL. It will be worth twice as much more. If one had a $20 gold piece he could then get two $20 gold pieces.

Mr. CONNALLY. I thought the Senator said if we increased it—

Mr. DILL. No; if we decreased it.

Mr. CONNALLY. If we decreased it 50 percent, of course, the gold would be worth two $10 gold pieces instead of one $10 gold piece.

Mr. DILL. Yes; we would have doubled the value in dollars.

Mr. CONNALLY. We would have doubled the number of dollars, but we would not have changed the intrinsic value of gold.

Mr. DILL. And when the world is suffering from the high price of gold the Senator wants to make it higher.

Mr. CONNALLY. What does the Senator want to do about silver?

Mr. DILL. I want to increase its price so as to bring it more nearly to the value of gold.

Mr. CONNALLY. The Senator wants to increase the price of silver. When we cut the gold dollar in two we will raise the price of silver just twice.

Mr. DILL. It will take twice as much silver to buy it.

Mr. CONNALLY. Oh, no. Here is a 50-cent piece. We will assume it is a gold dollar; we cut that gold dollar in half, and make each half a gold dollar. Is there any more gold when we get through than when we started? The amount of gold is the same; we merely have 2 dollars. When we cut the dollar in two we have made a dollar worth 50 cents in gold, whereas formerly it was worth a dollar in gold.

I yield the floor, Mr. President.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting several nominations, were communicated to the Senate by Mr. Latta, one of his secretaries.

HOUSE BILL REFERRED

The bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy was read twice by its title and referred to the Committee on Naval Affairs.

RELIEF OF AGRICULTURE

The Senate resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. VANDENBERG obtained the floor.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Indiana?

Mr. VANDENBERG. I yield.

Mr. ROBINSON of Indiana. I do not desire now to take the time of the Senate, and I shall not attempt to discuss the amendment which I now propose to offer, except to say that untold thousands of veterans of various wars of the country and their dependents find themselves at this moment in dire need and distress.

The perfectly indefensible legislation that was enacted at the request of the President, known as the "economy bill", will, of course, ultimately have to be repealed and the great wrong done the thousands of veterans and their families must be righted. Otherwise the Nation will continue to be on the downgrade. It never can be on the upgrade until that wrong is righted. A nation that deals ungenerously and unfairly with its defenders can never succeed, and so that wrong must be righted. But in the meantime we must look after the economic needs of the people who have been wronged.

Therefore I am offering an amendment, now that we are about to have plenty of money, providing for the immediate payment of the adjusted-service certificates, commonly called the bonus, to be paid under subsection (b) (1) of section 34, providing that the President may direct the issuance of $3,000,000,000 in Treasury notes, but not increasing that authorization. I shall discuss the amendment at length at the proper time. Meanwhile I send it to the desk and ask that it be printed and lie on the table.

I am very grateful to the Senator from Michigan for yielding.

The PRESIDING OFFICER. The amendment submitted by the Senator from Indiana will be printed and lie on the table.

Mr. VANDENBERG. Mr. President, in respect to the pending problem which is generally described as the philosophy of inflation, my own view at the moment runs to neither of the extremes which have been submitted thus far in the debate.

Mr. JOHNSON. Mr. President, may I ask the Senator to yield so that a quorum may be called?

Mr. VANDENBERG. I thank the Senator for his courtesy. I am quite happy to proceed for the RECORD. However, I yield to the Senator from California.

Mr. JOHNSON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from California suggests the absence of a quorum. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Carey	Hale	McNary
Ashurst	Clark	Harrison	Metcalf
Austin	Connally	Hastings	Murphy
Bachman	Coolidge	Hatfield	Neely
Bailey	Copeland	Hayden	Norbeck
Bankhead	Costigan	Hebert	Norris
Barbour	Couzens	Johnson	Nye
Barkley	Cutting	Kean	Overton
Black	Dickinson	Kendrick	Patterson
Bone	Dill	Keyes	Pittman
Borah	Duffy	King	Pope
Bratton	Erickson	La Follette	Reed
Brown	Fess	Lewis	Reynolds
Bulkley	Fletcher	Logan	Robinson, Ark.
Bulow	Frazier	Lonergan	Robinson, Ind.
Byrd	George	Long	Russell
Byrnes	Glass	McAdoo	Sheppard
Capper	Goldsborough	McCarran	Shipstead
Caraway	Gore	McGill	Smith
Steiwer	Townsend	Van Nuys	Wheeler
Stephens	Trammell	Wagner	White
Thomas, Okla.	Tydings	Walcott	
Thomas, Utah	Vandenberg	Walsh	

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, a quorum is present. The Senator from Michigan has the floor.

Mr. VANDENBERG. Mr. President, my view of the existing problem now confronting the Senate in respect to the proposed inflation program runs to neither of the two extremes that have been submitted. Upon the one hand, I decline to reject the entire potential inflation program. This is no hour for static attitudes. On the other hand, I decline to embrace that section of the program which involves an unconscionable surrender of congressional power to an executive dictator and a needless threat against the precise stabilities which the inflation program contemplates.

I concede, Mr. President, the existence of an emergency. I am not at all sure that it is not just as much of an emergency as 1862 which produced the Monetary Act of 1862 and which we are in a degree about to paraphrase. I concede the existence of a disparity in respect to the relationship between debtor and creditor which cannot be left any longer exclusively to the natural law. I concede that except as there may be successful legislative contribution to this economic situation promptly, it is entirely possible that we confront not only bankrupt individuals by the millions, not only bankrupt corporations by the millions, not only bankrupt municipalities, but bankrupt States. Today's relentless deflation of citizens and commerce and banks and communities must stop. We are at the zero hour.

In the face of a situation of that character I decline to entrench myself against all experiment and adventure. The things that we have attempted thus far have not succeeded. New efforts must persist until success is found. There is a new administration in Washington which has a clear mandate to make its own attempts to proceed by a different course. I propose so far as it is humanly possible and except as my conscience rejects certain elements, to permit the new physicians to write their own prescriptions.

I shall submit to the Senate, Mr. President, the view that we are justified in permitting this potential inflation program to proceed down to that point in the amendment where it is proposed to permit the President of the United States, if, as, and when he pleases, responding to his own individual wish or whim or his own personal judgment and always upon his own unsupported initiative, to rule or ruin the value and the volume of the gold dollar and therefore the monetary system of the United States. Indeed it is amazingly proposed even to let him launch us upon the free and unlimited coinage of silver at any ratio which suits his fancy.

I shall submit that we are justified in approving the pending amendment provided this despotic and wholly dangerous section is deleted.

I shall submit, Mr. President, that this section is indefensible as a delegation of power which is entirely too close an analogy and too suggestive of what has happened to dead democracies all around the globe during the past decade of rising tyrannies and languishing liberties.

I shall submit that it is a needless crime because the balance of the potential inflationary program, in the purview of the best authorities I can find in this country, is sufficient to achieve our ends.

I shall submit that this vital power, the so-called "gold section" of the bill, is not only unnecessary, not only unconscionable, not only probably unconstitutional, but that it also serves to defeat the very purpose of the balance of the bill, first because it creates a status of perpetual uncertainty in respect to the standards of value upon which American business shall be done and, secondly, because it casts a shadow upon the faith and credit of the United States in respect to its monetary contracts, and casts that shadow at the precise moment when under the other so-called "greenback section" of the bill we are going to ask the American people to trust the faith and credit of the United

States, backed by nothing else, as they have not trusted it since 1862.

From my point of view, this one section of the bill dealing with the Presidential authority and the gold and free-silver sections of the law is wholly at war with the balance of the pending inflationary proposal, wholly at war with the spirit and the genius of American institutions, wholly at war with our responsibilities, and wholly at war with the best welfare of the American people.

Mr. President, so far as the other powers for inflation are concerned that are involved in this bill, there is often a chance for formidable argument against them. But there is better reason for argument in their favor. It seems to me that the position is defensible in respect to every section of the proposal except the one which I shall undertake to identify as objectionable.

I think there is universal agreement that the recent embargo upon American gold and the decision to permit the American dollar to take its own course in international exchange, was a wholesome, helpful, useful, worth-while thing; and I think there is universal agreement that the President acted with great wisdom in that decision. I unequivocally support him in it. It renews our first opportunity in many months at fair competition for the world's trade.

It seems to me that the specific provisions for inflation in the pending amendment, one by one, can be similarly defended as useful and potential contributions to the existing situation. Certainly the price trend of commodities can be stimulated by legislation affecting the currency, although it is well known, from my view, believing as I do in the velocity theory rather than in the volume theory of currency, that we are neglecting to serve the primary impulse when we deal first with physical currency instead of with bank-credit currency. In other words, our problem is not so much to create currency as it is to put currency to work. That means a normal banking function.

I shall not expand that argument this afternoon. I spoke upon it in the Senate again last week. It is my feeling that bank-credit currency is 15 times as important as physical currency, because 15 times as much business is done with bank credit in the form of checks and the like as with physical money. So far as an economic resurrection for America is concerned, we would do far better to start our program with a liberalized Federal Reserve policy in respect to banking, and with emergency money to release frozen bank deposits to the depositors, and with a Federal warrant behind bank deposits, so as to create that confidence out of which renewed commercial activity and commercial credit and bank-credit currency must flow. Like Cato speaking everlastingly of Carthage, I say again that bank-deposit insurance, by Federal warrant, will do more for America than any other single aid. In passing I quote a recent observation by Thomas Nixon Carter, professor of political economy at Harvard University:

> Credit will not expand again until confidence is restored. Confidence will not return until people believe that their money is safe when in a bank or when invested. They will not have confidence in banks until the Government guarantees bank deposits. That is a drastic measure, but nothing short of that will do.

Again, Professor Carter says:

> If the Government would do these two obviously right things—namely, guarantee bank deposits and subsidize gold production—it would not be necessary to do the many futile things they are now trying to do. The depression will end when we have a banking system in which depositors cannot lose their savings and when there is gold enough on the market to make it cheaper and the prices of other things higher in terms of gold.

I associate myself with that opinion. But the administration in its wisdom has concluded, for the present, to launch experiments in physical currency instead of bank-credit currency; and I repeat my willingness to go along with rational inflation for whatever it may be worth.

I concede—who can deny it?—that there will be utility in legislation in respect to the commodity-price index, and thus in respect to breaking this vicious deflation circle that has us in its paralyzing grip. But make no mistake. There are victims of inflation even as of deflation. Rising prices will not be offset by rising wages. Fixed incomes will all suffer in their buying power. Increased cost of living is not an unmixed benediction. Even controlled inflation has its jeopardies. Still, we must break the vicious circle. The "new deal" would try this weapon. So be it.

When we come to this amendment I do not see how anybody can complain against the first permission included in subsection (a) respecting a total of $3,000,000,000 in open-market operations, and in the direct purchase by the Federal Reserve Board of obligations of the United States Government—yes; including even a suspension of the penalties against a reduction of the 40-percent gold cover. I agree to that. I am happy to go along with it.

If this particular proposition fails to produce the desired results, I shall not seriously quarrel with the subsequent provision permitting the issuance of United States notes to a total not exceeding $3,000,000,000 for the purpose of purchasing and retiring an equivalent amount of United States bonds. This is an emergency. It is an emergency in the precise analogy of 1862, when the original so-called "Greenback Act" was passed. It is not the type of thing I would voluntarily embrace—by no manner of means; nor would I embrace it without the most utterly solemn warning that that which is controlled inflation in the first instance may easily become uncontrolled inflation day after tomorrow, and that the precise door which is opened in this precise section may well be the door that opens upon subsequent uncontrolled inflation unless there is a sterner caliber of decision and judgment here than there has usually been in any other nation or any other parliament that ever tried it. But I submit that it is something of a paradox to entrench our fears against so-called "greenbacks" when we contemplate a variety of far less valuable scrip in circulation locally in many sections of the country.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. HASTINGS. Does the Senator see any particular merit in limiting that section to $3,000,000,000?

Mr. VANDENBERG. Well, yes, Mr. President; I see this merit: It is the merit of sending the whole problem of inflation back to the Congress for a renewed expression of its judgment if the permitted volume is insufficient. I want renewed judgment exercised in respect to this section of the law, because I repeat that there could be nothing more menacing than the iniation of uncontrolled inflation. The more checks and balances the better. We want all the advantages which we can get from controlled inflation. We want to arm ourselves against the disadvantages. I look for real advantages and real hope and real aid so long as inflation is controlled. I look for disaster if the control falters or fails. My warning to the administration is an integral part of my approval of this section of the bill.

Rash friends of reckless inflation may brush aside the experience of the German Republic and say that it has no place in this debate, because no such tragedy is contemplated by us as we embark upon this adventure. But, Mr. President, I am sure there was nobody sitting in the German Parliament who ever contemplated when they first launched printing-press money that within 4 or 5 years they would have printed 418 quintillion marks—and that is 418 with 18 ciphers after it—and that nobody over there contemplated that the ultimate stabilization would have to be upon the amazing and devastating basis of one trillion to one.

There always is menace so long as you have started down the road to inflation under this type and character of inflation. But we must choose today between relative evils, and there is no evil comparable with a continuation of existing grief and woe and disintegration. The best protection in the world that we can have, if we embrace this recourse, is to understand baldly, as we start upon it, precisely what the responsibilities are, precisely how and why there has to be stern repression, or that which is controlled today will be uncontrolled tomorrow. Today's tonic will be tomorrow's poison.

I remember listening a year ago to a Member of Congress testifying before the Commerce Committee in respect to some great river project. After he had outlined this magnificent undertaking I said to him:

"How do you propose to pay for it?"

He said, "Why, we will print the money."

"Do you mean just print it?"

"Yes; just print it."

"Well, after you have started the presses, why do you stop with just half a billion dollars for this project?"

"Oh", he said, "I would not."

"Well, how much more would you print?"

"Oh, I would print two and a half billion more to pay the bonus."

"Well, would you stop there?"

"No; I would print five billion more for public building projects."

"Well, would you stop there?"

"No; I would print a couple of billion more to pay the current Federal deficit."

"Well, would you stop there?"

"Well", he said, "I will tell you, I am not much of an economist and I do not know where it would be wise to stop." [Laughter.]

There is an illustration of the menace. That is the way controlled inflation easily runs on into the danger zone. I voted a few days ago for the so-called "Frazier bill", as a philosophy of action, because it not only offered mortgage relief to the hard-pressed farmer but also, and particularly, because it proposed to tie inflated money to the land. The land may fluctuate in value, but it does not disappear. I prefer currency tied to things instead of to human fallibilities. But if we recognize the danger in the course we are invited here to take, we may avoid it. At any rate no danger could exceed that of a failure to arrest the contemporary economic degeneration in the United States.

Mr. President, I did not quote the Commerce Committee episode in any invidious aspect at all. It was a perfectly frank and honest expression of a perfectly frank and honest viewpoint. That is the danger of these viewpoints. They are frank and they are honest; and too frequently, when once controlled inflation has been undertaken, these viewpoints are willing to proceed step by step on into uncontrolled inflation. Except as that warning were laid upon the bar of the Senate and laid upon the conscience of the country, it would be utterly dangerous to proceed under the section to which I advert. But I say again that if controlled inflation is the process by which this new administration, unequivocally commanded to this job last November, proposes to try to save the situation, I propose to permit them, so far as I conscientiously can, to proceed under the prescription which they desire; and I concede that there is large advantage in the thing that is proposed, provided we can have the assurance that we do not overshoot the mark. In other words, it is not merely the length of the step which challenges our attention; it is particularly the direction of it which must call us to account.

So, I say, I am willing to proceed under these sections of this proposed inflation program. I am perfectly willing to agree to that additional section of the program which contemplates the acceptance of certain amounts of silver on account of foreign war-debt installments. Anything obtained upon that account is worth while; and there should be no serious problem regarding silver coinage, and silver certificates based thereon, as a further element of controlled inflation. Certainly I agree to any program which encourages the international stabilization of gold or silver, or both.

I am perfectly confident that the international stabilization of silver would be of incalculable advantage to the export trade of the United States. I was told in China 2 years ago, by a man of dependable judgment, that the pacification of China and the international stabilization of silver would represent $2,000,000,000 a year of new export trade to the United States alone. That is 50 percent of all our export trade today. I am eager to encourage the approaching World Economic Conference in respect to this international stabilization of gold and of silver, or of one or of both. Anything that we can do by way of encouragement I am prepared, so far as I am concerned, to undertake to do. In the final analysis, if all of these things have failed and there is no other recourse left, I shall have no horror in approaching the question of revaluing the gold dollar in the United States for the purpose of overcoming this insufferable disparity between debtor and creditor, so long as we confront it upon our own responsibility as legislators under the Constitution.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator.

Mr. DICKINSON. Right there the question of whether or not we can have an international agreement is a most interesting question. It seems to me that one of the things we ought to think about is, in case an international agreement cannot be reached, then whither are we drifting?

I should like to read here a short paragraph from Garet Garrett's article in the Saturday Evening Post of April 15, which I think fits into the picture suggested by the Senator from Michigan.

The PRESIDING OFFICER. Does the Senator yield for that purpose?

Mr. VANDENBERG. Briefly. I desire to conclude as soon as I can.

Mr. DICKINSON. This is just a short paragraph.

> There is nothing sacred about the gold standard. But, again, this is not a struggle over any principle of money. It is a struggle for power.
>
> Suppose it were agreed to debase the American dollar. To what level should it be debased? To the level of the pound sterling or to the much lower level of the Japanese yen? Suppose we should debase it only to the level of the pound sterling. Then suppose the British Treasury should further debase the pound sterling, as it has already threatened to do, and suppose the Japanese should further debase the yen. That way lies a competitive debasement of currencies to the point of zero. What then? Well, then, total world-wide insolvency, probably a universal repudiation of international debt, at the expense of the principal international creditor, and complete financial chaos. Out of that chaos the strongest country would emerge on a gold-money basis again—necessarily on a gold-money basis because every other kind of money would be worthless.
>
> Those who have been playing against us this game of exchange have not intended, of course, to let it go as far as zero, just as countries going to war never intend the destruction to be total. Each one expects to be able to inflict more damage than it suffers.
>
> This country can defend itself; it can make itself invulnerable, but it cannot afford to play the game of depreciated currency, either competitively or in reprisal.

I am wondering whether or not, under the suggestion the Senator from Michigan is making now, that he concurred in the first section, providing for inflation, and particularly section (2), providing for the debasement of the gold dollar, if those sections stay in the bill, we are not headed in the very direction suggested by Garet Garrett.

Mr. VANDENBERG. Mr. President, if the section respecting the gold dollar stays in the bill in the form in which it now is, and particularly if it is amended to include the free and unlimited coinage of silver by mere Presidential fiat, I cannot support it, for the reasons which I shall now undertake to detail. Furthermore, I am perfectly conscious of the deadly menace in a race between nations in respect to depreciated currency. I think that race has a substantial bearing upon this precise gold section, because it seems to me that the creation of an indefinite Presidential power to raise or lower or manipulate the gold content of the dollar and the ratio of our silver coinage is a virtual invitation to our entry and participation in just such an international race to see which nation can debase its exchange the most and the quickest. It is virtually saying to the President that we propose not only to allow him but to encourage him to engage us in this competition of depreciating currencies. I want to come to that with a little greater definiteness in just a moment.

The thing I am trying to say, very briefly, is that, in my opinion, 90 percent of the people, at least in my section of the country, want to see President Roosevelt and this admin-

istration given a chance to try properly controlled inflation. I think there are many Senators who feel as I do, that they also are willing to permit reasonable and even aggressive experiments in that behalf, if this one repugnant and offensive section, around which 90 percent of the debate here and the argument and controversy always rages, can be eliminated. Since I think it is a subject of proof that it is the least important section from the standpoint of these prescriptionists themselves, I submit that it ought to be eliminated, so that there may be a reasonable unity of action behind the President in this ambitious assault upon the depression.

Mr. President, a great deal has been said here of a political character in the last 2 or 3 days by way of attempting to reflect upon the recent administration and its two Secretaries of the Treasury, Mr. Mellon and Mr. Mills. I call the Senate's attention to the fact that, as to this particular gold section of the pending amendment which I am begging shall be taken out of the bill, my appeal does not rest for its support upon those particular Secretaries of the Treasury, but I call the Senate's attention to the fact that the Committee on Banking and Currency of the Senate divided 10 to 10 upon this precise proposition, and that two Democratic ex-Secretaries of the Treasury, who now honor this body with their membership, the distinguished senior Senator from Virginia [Mr. GLASS] and the distinguished junior Senator from California [Mr. MCADOO], were recorded against this section of the pending amendment.

I am not undertaking to infer what their attitude may be respecting the balance of the proposal; they will speak for themselves. But I am addressing myself particularly to the proposition that this gold-and-silver section should be deleted, and I submit that the deletion of the section has behind its argument not only the recommendations of ex-Secretaries Mellon and Mills, if such recommendations were made, but that it also has behind it the recommendations of ex-Secretaries GLASS and MCADOO. Turn your back on Republican ex-Secretaries if you want to, I say to my friends across the aisle, but do not turn your back on your own Democratic ex-Secretaries, who are your own present colleagues, and their seasoned opposition to this portion of the bill.

Mr. President, if 4 ex-Secretaries of the Treasury, divided 2 upon one side of the aisle and 2 upon the other, are a unit in their recommendations that this section ought to go out of the bill, I submit that some of the rest of us, who are merely humble laymen in respect to complex fiscal problems of this nature, have received some advice worth heeding.

I said that I thought that, fundamentally, we have no right to sublet this authority to manipulate the currency to the Executive. I was speaking not merely in terms of constitutional technique; I was speaking with a view to the spirit and the genius of American institutions. Perhaps that is an academic sort of contemplation when men and women are hungry. But it was not an academic conception even in the presence of hunger and want and woe when the foundations of the Nation were laid down. We are under no greater urge to embrace fiscal expedients which might be relatively easy than were the fathers and the founders, who inherited the necessity to set fiscal chaos right when the foundation of the United States was established in fiscal honor and fiscal integrity. From that day to this there is not one spot or place in the story of the whole Government of the United States that has in it any remote parallel for the autocratic and dictatorial powers which the pending bill, to say nothing of the pending section of the pending amendment, proposes to strip from Congress and to grant to the President, in contravention of every theory of ordered liberty.

As friendly a newspaper analyist as Mr. Arthur Krock, of the New York Times, initiated a discussion of the existing prospectus last Sunday with the following sentence:

> A poetic statistician has estimated that, after 49½ days in office, Franklin D. Roosevelt possesses, is seeking, and has been offered more absolute power than the sum of the arbitrary authority exercised at various times in history by Generals Washington, Lee, Grant, and Sherman, Presidents Jackson, Lincoln, and Wilson, and all the Emperors of the Ming dynasty.

[Laughter.]

Mr. President, that is an exaggeration, of course. Yet not so much of an exaggeration in essence. It is an analogy with a challenge. All over this world we have seen liberty crumble in the presence of these emergencies of today, and most of the emergencies are economic. We have seen ordered liberty disappear upon the one hand in surrender to individual autocracy or on the other hand in surrender to communism. Why should we feel that we are totally immune to those forces which thus are putting liberty in chains all round this world? In the presence of a situation such as that which is involved in this farm bill as a whole, whether with or without the inflation annex, have we a right to think of this thing solely in terms of crops and processors, in terms of markets and of commodity indexes, in terms of dollar content? Have we a right to consider ourselves relieved of assessing the net result, or at least the trend, when we propose to arm the Executive of this Nation with another power greater than anything that was ever remotely contemplated in the sum total of the history of the United States if not in the sum total of human experience? I do not cringe from unified command in this or any other war. That is why I earnestly seek to follow and support the President. But I do balk at blank checks and dictatorships.

I read what Mr. Krock had to say on the subject. I should like to read one other sentence from another friendly critic, and I quote now from Mr. John W. Owens, the editor of the Baltimore Sun:

> The Roosevelt administration is nearing the edge of pronounced left-wing radicalism—so pronounced that it may involve little less than economic and social revolution.

I do not know whether they are approaching "the edge of pronounced left-wing radicalism" or not. I assume that the edge of left-wing radicalism means socialism or communism. I am not sure they are not trending rather in the direction of the edge of pronounced right-wing radicalism, which bespeaks its power and its efforts and its authority in terms of Hitler-ism and Mussolini-ism and personal dictatorship. Neither result will be acceptable to the American people.

Nobody has the remotest idea that either of these objectives rests in the mind of the President or in the minds of his advisers, or in respect to any of the program which is now laid upon our desks. But can we sign off our responsibility by pleading the present good faith of those who are demanding these extraordinary powers and proposing to exercise them?

Why do representative democracies always insist that their parliaments shall control the public purse? Because the power to tax is the power to destroy. The power to regulate the value of money—given by the Constitution to the Congress, not to the President—is a potent control of the public purse. Therefore it, too, may be the power to destroy. Our destruction, no matter how unmeditated, should never rest in the authority of any one officer of government.

I remind Senators of the immutable truth set down in the Federalist Papers:

> No man can be sure that he may not be tomorrow the victim of a spirit of injustice by which he may be a gainer today.

No man, Mr. President, can be sure that he may not be tomorrow the victim of a surrender of constitutional safeguards by which he thinks he might be a gainer today.

Mr. President, under the pending bill, upon which we are now proposing to graft this amendment, we are undertaking to allow an agent of the Executive to fix virtually unlimited sales taxes on the food and clothing of the people, then to appropriate and pay public revenues to such private persons as he sees fit, then to issue or withhold licenses over industry, and to put America's farms on rations. "More absolute power than the sum of the arbitrary authority ever heretofore exercised."

On top of that we are proposing, under the amendment, through the objectionable section which I attack, to permit the same Executive authority to rule the volume and the value of our money, and if that does not complete an absolute autocracy one was never completed in this world.

I submit that since it is not necessary to include this permissive power in the amendment—and it is the only part in the amendment where any such permissive power is lodged—since it is not necessary, I submit that we dare not encourage this antidemocratic trend.

It is well to remember Washington and his Farewell Address. I know some Senators are impatient in the presence of any such ancient recollection, but, after all, we cannot get away from the fact that we have a responsibility to American traditions and to American institutions.

We have a primary oath to maintain the genius and the spirit of these American institutions. I merely want to read one paragraph from President Washington's Farewell Address:

> It is important likewise, that the habits of thinking in a free country should inspire caution in those intrusted with its administration, to confine themselves within their respective constitutional spheres, avoiding in the exercise of the powers of one department, to encroach upon another. The spirit of encroachment tends to consolidate the powers of all the departments in one, and thus to create, whatever the form of government, a real despotism. A just estimate of that love of power and proneness to abuse it which predominate in the human heart, is sufficient to satisfy us of the truth of this position. The necessity of reciprocal checks in the exercise of political power, by dividing and distributing it into different depositories, and constituting each the guardian of the public weal against invasions of the others, has been evinced by experiments ancient and modern: some of them in our country and under our own eyes. To preserve them must be as necessary as to institute them.

What is to become of the checks and balances under a measure which permits price fixing by a single dictator upon the one hand and tax levying by a single dictator upon the other hand, and, over all, the privilege to one human, fallible judgment by its own ipse dixit if, as, and when it pleases, to decide what our money shall be worth and how much of it there shall be, and to change his mandate whenever he pleases?

I submit, Mr. President, that there can be nothing more repugnant to the spirit of the institutions of the United States and to the principles of the Democratic Party, as well as of the Republican Party, than a needless concentration of dangerous power of this nature; and I submit that the Congress has no right to surrender it not merely as a matter of constitutional inhibition—for I would not undertake to argue that legalistic point—but as a matter of plain fundamental fidelity to what we know to be the necessary boundaries with which we must protect and surround ordered and organized liberty.

I say it is unnecessary to put this gold section in the bill. I have not been discussing the morals of reducing the gold content of the dollar; I do not dismiss that final recourse. On the contrary, I have said that I can conceive of an ultimate emergency in which that might be necessary if done on the strength of our responsibility as legislators under the Constitution; but I say the inclusion of this section, which I know is repugnant to the viewpoint of many a Senator who is going to vote for it, runs against the best advantage of the bill itself to accomplish its own purposes.

We cannot rebuild American commerce and American economics on bases of uncertainty. If there is one thing more than another that we have got to create, it is signboards of dependable certainty, so that men may know with some degree of reliance what is to happen tomorrow and the day after.

How can there be any commercial certainty of any degree whatsoever in respect to American business or anything else so long as there exists, floating nakedly in space, the privilege in the hands of one human dictator to manipulate the value of the American dollar up, down, sideways, any way he wants to? How can there be any certainty in anybody's business or in anybody's heart; how can we have anything to tie to; where is the anchor?

And yet the remainder of this program, to which I have been willing to subscribe for the sake of experiment and adventure, may have within it the precise hope and the precise relief for which we all beg and pray if it shall be given a fair chance to succeed. But you propose, by this gold section, to leave a veritable sword of Damocles suspended above the American market place, and then you expect the market place to blandly ignore the hazard. You defeat your own purposes.

One of the most distinguished Democratic bankers in America telephoned me two nights ago to say that "there ought to be nothing in this bill except the first section which", said he, "supplementing the gold embargo is ample to bring us out of our troubles if under these two propositions America can have a chance; but", said he, "there is no chance of any nature so long as the standard of American monetary value is itself chaotic, is itself a straw in the wind, and no more reliable than a broken reed."

How can a business man contemplate a long-range development for tomorrow, if he does not know what his dollar is worth even this afternoon until he reads his newspaper? How can there be any of that courageous forward march which is so necessary in this situation if there is no point at which our captains of industry and their lieutenants and adjutants, upon whom they must depend, can ever know from one day's end to the next the value of the basic measure of exchange in which all their transactions must be assessed?

Talk of managed currency! Do you know of any managed currency on earth which has just one manager, as proposed in this gold and silver section, who can do as he pleases, when he pleases, how he pleases with this vital element? Management implies orderly and regular control. This section invites potential chaos—not because the President is unreliable, but because the intended power is unreliable, unbounded and uncontrolled, and unresponsive to any checks and balances.

I submit that the inclusion of this section in the bill completely nullifies and vetoes all chance of the remainder of the program to succeed. "Well", it is said, "we want it there in order to free the arms of the President when he enters the economic conference, so that he can deal authoritatively in contact with other great world powers in that notable and highly important contest." Mr. President, I hold to the theory, so often expressed by the able senior Senator from Illinois [Mr. LEWIS], that the principals speaking for the nations of this earth are infinitely safer when they negotiate through agents, through plenipotentiaries, than when they themselves negotiate.

I think that the President of the United States will be in better position to deal with the great international authorities at the approaching world conference if, instead of being a free agent, so that he can be "put upon the spot" the very moment any proposition is laid down to him by Great Britain or by France or by some other power, he has the protection afforded by the necessity of returning to his native land and to his Congress for its O.K. I think he will be infinitely safer as a negotiator not only from our viewpoint as a nation but from his viewpoint as a negotiator. If the international contract he negotiates is good, it will be ratified when he comes home; if it is not good, it ought not to be ratified either before he comes or after he comes home. I know of no way by which we, as Members of the Senate, can sublet to anybody the final responsibility for passing upon those contracts and those contacts when they shall have been made. I remind the Senate that the advance issuance of any such unchecked privilege of international negotiation would have put us in the League of Nations in 1920.

Finally, I submit again that the existence of this section runs squarely counter to the remainder of the inflation program, because if this section goes into the amendment and into the bill on the heels of these debates, there is raised a question as to whether or not the Government of the United States proposes to keep its word in respect to its

gold bonds. The able Senator from Virginia [Mr. GLASS] put his finger squarely on it in an interrogatory a little while ago when he stated that the gold section of this bill squarely invites suspicion and doubt as to whether or not the promise of the United States is good as literally made heretofore; and yet in the same measure and in one section of it to which I have already given my approval it is proposed, for the first time in half a century, to ask the American people to trust the faith and credit of the United States in respect to their money with no other reliance behind that money.

In one section of the bill we propose to issue paper money upon the naked word of Uncle Sam, and in another adjacent section of the amendment, unless this clause goes out as I plead, we propose to threaten that the word of Uncle Sam may not be good for the first time in 150 years. I submit that the two things are utterly incompatible, and that this section does not belong in the amendment. You cannot create confidence at the same moment you threaten to destroy it.

Mr. President, with this section eliminated, and for the reasons that I have indicated, and because of my willingness to try new experiments in the face of new and unprecedented problems, I am willing to vote for this proposition so long as this one utterly repugnant, offensive, indefensible section is taken out. I speak of it in those terms not so much because of the specific thing which it is proposed to do, namely, to devaluate the dollar, because, I repeat, I am willing to face even that contingency if it be necessary to rescue America; but I speak of it in the sense that it is proposed that this power shall be exercised in a method and fashion for which there is not only no precedent in any ordered democracy but for which there is no justification. In its lengthened shadow some day, Mr. President, this thing will come back to plague those who consent to it. When all is said and done, these institutions which we have inherited and which are at the mercy of every single piece of legislation of this character which goes through the Senate—these institutions are no stronger than our fidelities to them.

They were not made with the mountains;
They are not one with the deep.
Men, not God, devised them, and
Men, not God, must keep.

Mr. STEIWER. Mr. President, in the very able address just concluded by the Senator from Michigan [Mr. VANDENBERG] he made some reference to the supposed constitutional invalidity of the provision contained in paragraph (2) of subtitle (b) of this amendment, but he did not undertake to discuss it in detail. Yesterday, if I correctly understood the Senator from Pennsylvania [Mr. REED], he suggested that there was doubt of the constitutionality of the provision, but announced that he thought it futile to discuss that subject in this body. I think, Mr. President, that the RECORD should disclose something of the views of some of us upon this subject. At the risk of being presumptuous or endeavoring to instruct those who are better informed than myself, I desire to submit certain observations which will express my opinions concerning it.

Before I do that, I want to say that I am in favor of the general purposes of the amendment. I am one of those who believe that the people of this Nation will benefit by the maintenance of a dollar which will stand somewhat nearer parity in international exchange. I feel that such a dollar will be helpful in restoring our foreign commerce and in the protection of our domestic markets against the imports of countries which have willfully depreciated their currencies. I think it will tend to strengthen domestic prices, and without doubt a parity dollar would tend to make our tariff more adequate and more effective. I am happy, therefore, to declare my support of the chief purposes of the amendment.

If it is thought wise by the Congress of the United States to deal with the subject of the gold content of the dollar, as I am presently advised, I am even willing to take a step in that direction. I oppose subsection (2), however, not because it reduces the weight of the gold dollar but because in fact it fails to attain that objective. At least it is true that it does not directly reduce the weight of the gold dollar. It is merely a grant of power to the President of the United States to be used by him in such way as he may in the future see fit. It is this delegation of power to the President that I find objectionable. I think it hurtful to our country at this time for a number of reasons. I shall refer only to a part of them, because I speak only in a brief way.

I think the proposition is objectionable in the first place because the language of subsection (2) is itself equivocal. It is equivocal because it is impossible to determine whether it is proposed to clothe the President with authority to adjust the weight of the dollar from time to time or whether it is proposed merely that he may make one effort, and having once made an adjustment that the gold content will be fixed at the point at which he makes the adjustment. I have heard Senators suggest in private conversation both of the two different propositions. At this time I make no effort to sustain either interpretation. I am content to observe merely as I pass that this equivocal language is employed in the first part of the paragraph.

The language is objectionable for other reasons. In the second alternative of paragraph (2) we find language commencing with the statement, "in case the Government of the United States enters into an agreement with any government or governments." It was suggested before the Committee on Banking and Currency that this paragraph clothes the President with powers with respect to the making of agreements, and some of those who have addressed the Senate in their consideration of the paragraph have assumed that it does in fact clothe the President with power to make agreements with other governments.

It is my own humble judgment that the language is not intended so to authorize the President of the United States. I believe that the language, commencing with the phrase "in case the Government of the United States enters into an agreement", is merely subjunctively used and is a condition precedent upon which the President of the United States may subsequently by proclamation fix the weight of the dollar. But whether my view is correct the fact remains that Members of this body have taken different views as to the construction of the language, and we are dealing now with an equivocal structure upon a subject affecting the happiness of all our people and the welfare of the Nation, probably more than any other subject that the Congress of the United States could be called upon to consider.

I submit with respect to both of these propositions that on account of the transcendent importance of the subject we ought not to legislate in terms of ambiguity.

Mr. AUSTIN. Mr. President——

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Oregon yield to the Senator from Vermont?

Mr. STEIWER. I yield.

Mr. AUSTIN. I should like to inquire if the Senator from Oregon considers it necessary to have an enabling act passed in order to give the President of the United States power to negotiate a treaty?

Mr. STEIWER. Oh, no; the President has the power under the treaty-making powers of the Government to negotiate a treaty, but of course nominally the treaty is not effective until ratified by the Senate. If we accept the construction that it permits the President to make a treaty with a foreign power, we in effect make an exception in this case and say that the agreement might be made without compliance with the usual constitutional processes under the treaty-making power.

These various objections are not of controlling importance, because they could, of course, be corrected by the use of more appropriate language. But an examination of the two propositions referred to leads us deeper into the real meaning of the section.

Mr. KING. Mr. President, will the Senator permit an inquiry?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Utah?

Mr. STEIWER. I yield.

Mr. KING. I ask for information as to the interpretation which the Senator places upon it and, if his interpretation is right and he thinks it should be made more certain, whether he thinks we have sufficient information now to warrant us in passing a measure declaring that the gold dollar, instead of being 22.23 grains per unit, shall be, for instance, 11.115 grains? Is the Senator ready now, if he objects to conferring a discretion upon the President, because obviously we have not the facts, does he think he possesses sufficient facts to warrant him in voting now for a legislative declaration that the gold content of the dollar shall be 11.115 grains?

Mr. STEIWER. I hope the Senator will not be offended if I answer by saying that I do not think it is very important or very material whether I regard myself as qualified to deal with the subject here and now. If, however, the Senator is interested, I will say that I feel that I am not equipped at this moment to make an orderly, sound, and safe conclusion with respect to the reduction of the gold content of the dollar; nor am I sure, Mr. President, that any other one person presently identified with the Government of the United States is at this time equipped to make such a conclusion.

Mr. KING. Mr. President, will the Senator yield further?

Mr. STEIWER. Certainly.

Mr. KING. I agree with the latter statement, if I understood the statement; but I understood the Senator to say that his objection to this provision is that it is ambiguous and uncertain. I deduce his meaning to be that he feels that the Congress ought now to fix the value of the gold dollar.

Mr. STEIWER. I have not said that. I think that in the purpose of the administration the other provisions of the amendment are to come first. According to newspaper reports, and also according to the advice we have here upon the floor of the Senate, the provision dealing with the gold content of the dollar is the last provision to which resort would be had. It would seem to me that if we are to support the program of the President in this important hour in the history of the Republic, we might well accept his views and permit the other sections of the amendment to come first. Therefore, so far as I am concerned, if I am ever obliged to deal with the question of the gold content of the dollar I should prefer to deal with it after the other opportunities under the proposed amendment have been exhausted.

My more essential objection to the incorporation of paragraph 2 into the amendment comes from my deep belief that it constitutes a delegation of legislative power to the President. I know it has been said here, either on the floor or off the floor, that there is authority for this provision under the decision of the Supreme Court with respect to the flexible provision of the tariff law. I want in a moment to come to that. Before doing so, in order to develop in an orderly way the idea that is in my mind, I remind Senators that the power in Congress to regulate the value of money is not a casual power. It was placed there after full consideration and apparently upon the fullest understanding of the consequence of attempting to regulate the value of our coinage.

In section 8, article I, of the Constitution, we find the provision in express language that Congress is clothed with the power to coin money and to regulate its value. An increase or decrease in the gold content of the dollar is the most effectual and direct means that can be devised for the regulation of the value of the dollar.

I contend that this constitutional power, which is highly legislative in character, cannot be delegated away.

Before I attempt to make any distinction between the delegation of the sort here attempted and the delegation of powers had in the various tariff acts—I shall refer only to the acts of 1890 and 1922—I want to invite the attention of Senators to just what it is in this amendment that makes it a delegation of legislative power.

In the first place, as already observed, this paragraph does not attempt to fix the value of the dollar nor to reduce nor to increase its weight. It is merely a grant of power. Under what conditions is this power to be exercised by the President? I have noted, in order to save language and to save the time of the Senate, some of these conditions.

It is provided in subsection (b) as follows:

"• • • if for any other reason additional measures are required, in the judgment of the President, to meet such purposes, then the President is authorized" to make the proclamation provided in paragraph 2.

What are the purposes to which this refers? In order to determine these purposes it is necessary to refer to the beginning of the section. The beginning of that section contains certain language which, I am frank to say, may or may not define the purposes of the amendment. I quote:

Whenever the President finds, on investigation, that (1) the foreign commerce of the United States is adversely affected by reason of the depreciation in the value of the currency of any other government or governments in relation to the present standard value of gold, or (2) action under this section is necessary in order to regulate and maintain the parity of currency issues of the United States, or (3) an economic emergency requires an expansion of credit, or (4) an expansion of credit is necessary to secure by international agreement a stabilization at proper levels of the currencies of various governments, the President is authorized, in his discretion—

And so forth.

Mr. President, this language does not, by direct expression, declare the purposes of the amendment. It is true that it may imply the purposes, and of that I shall make some observations later. The language, under any interpretation, and under every view which may be taken of it, is nothing at all save the expression of four alternative conditions precedent to the exercise of the delegated power. I think lawyers will agree to this proposition. When these conditions, or any part of them, are found, then, and not until then, may the President exercise the authority conferred by the amendment.

If that can be said to imply the purpose of the act, then I submit that the purpose must be, or may be, any one of the four alternatives.

It must be, or may be, that an economic emergency requires the expansion of credit.

It must be, or it may be, that an expansion of credit is necessary to secure, by international agreement, "a stabilization at proper levels of the currencies of various governments."

I submit that if these conditions precedent are to be employed to furnish a basis for the construction of the act, and if, from them, we are to imply the purposes of the act, at the best those purposes become nebulous. They are uncertain, if they are not entirely unknown.

That, however, is not all, Mr. President.

After we start with this unsatisfactory basis, we go on over to the proposition which more definitely defines the condition upon which the President may proceed.

It is provided at the beginning of subsection (b) as follows:

If the Secretary, when directed by the President, is unable to secure the assent of the several Federal Reserve banks and the Federal Reserve Board to the agreements authorized in this section, or if operations under the above provisions prove to be inadequate to meet the purposes of this section of this act, or if for any other reason additional measures are required in the judgment of the President to meet such purposes, then he is authorized—

To proceed in accordance with subparagraphs (1) and (2).

The point I seek to make is that the last condition which I have just read refers us back to the supposed purposes; and if we take all of them together, it merely means this:

That the President, if he finds that an economic emergency exists, may deal with that emergency; and then, if he finds that the efforts which he has made are not adequate in his judgment, or if the operations under the provisions prove to be inadequate to meet the uncertain purposes of the section, then, for any additional reason, which the President himself may define, and which is not written into this law, even by the most nebulous sort of implication, he

may take such additional steps as in his judgment may be required to meet the purposes; and in taking those additional steps he acts, not by formula, not by legislative plan or purpose laid down by this enactment, but he acts in accordance with his own personal judgment as to what should be done in the premises. In his action he is limited by the broad authority of paragraphs 1 and 2.

Because of the lack of formula, because of the lack of declared policy, because of the lack of a plan, I submit that this provision is a delegation of legislative power. The exercise by the President of his discretion as to what the policy shall be condemns the paragraph as unconstitutional. It is the exercise of this discretion as to the formula or as to the plan that distinguishes this kind of a proposition from the statutes heretofore sustained by the courts against the charge of constitutional invalidity. It is this proposition, coupled with one other that should be mentioned, that distinguishes this case from the holding of the court in the Hampton case and the historic case of Field against Clark, for we find here that the President is not required to go either forward or back. In all the other statutes with which I am acquainted, when there is imposed upon the Executive the duty to find a fact, the duty to find an event, the duty to determine the happening of a contingency, there has always followed a mandatory requirement that the President shall proceed in the execution of the law laid down by Congress.

Here, we find no duty to proceed, no mandatory requirement upon the Chief Executive. For a mandatory requirement there is substituted discretion of the President of the United States. For a definite legislative policy there is substituted the President's judgment as to whether additional measures should be taken, and the President's discretion as to what those additional measures may be.

Mr. President, when we examine the authorities we are struck immediately with wonderment that the authors of the amendment should even attempt to couch this delegation of power in the language which has been here employed.

Now, let us consider briefly the decisions that deal with this subject.

The one most spoken of is the Hampton case, which related to the exercise by the President of powers conferred by the flexible provision of the tariff law.

Section 315(a) of the act of 1922 contains the following language:

> * * * whenever the President, upon investigation of the differences in costs of production of the articles wholly or in part the growth or product of the United States and of like or similar articles wholly or in part the growth or product of competing countries, shall find it thereby shown that the duties fixed in this act do not equalize the said differences in costs of production in the United States and the principal competing country, he shall by such investigation, ascertain said differences and determine and proclaim the changes in classifications or increases or decreases in any rate of duty provided in this act shown by said ascertained differences in such cost of production necessary to equalize the same.

As we know, the Supreme Court of the United States upheld this statute against the charge that it violated the Constitution of the United States in the delegation of legislative powers to the President. In doing so, Chief Justice Taft applied the rule laid down in the historic case of Field against Clark, and in doing so he reviewed a statute which was substantially the same in its essential legal requirements as the Tariff Act of 1922.

Mr. HATFIELD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from West Virginia?

Mr. STEIWER. I do.

Mr. HATFIELD. In other words, it is the Senator's contention that the formula should be prescribed by the Congress?

Mr. STEIWER. Yes; it is my contention, but, what is yet more important, it is the law of this country and has been for a hundred years. It is the rule of all the courts. It is the rule of the Supreme Court of the United States. It is the binding rule of law which determines the power of the Congress and limits and defines that which Congress may delegate and that which Congress may not delegate.

In discussing this matter, the Chief Justice said with reference to the case of Field against Clark:

> After an examination of all the authorities, the Court said that while Congress could not delegate legislative power to the President, this act would not in any real sense invest the President with the power of legislation, because nothing involving the expediency or just operation of such legislation was left to the determination of the President; that the legislative power was exercised when Congress declared that the suspension should take effect on a named contingency.

The 1922 Tariff Act, in my humble opinion, amply justified the opinion just stated, and the application of the rule as made by the Chief Justice, because in the language quoted from section 315 (a) of the tariff act just referred to it is provided that upon the contingency named—that is, upon a certain finding by the President, and the establishment of a fact—the President shall make the necessary investigation and shall proclaim the result. The President in that law is not vested with any legislative discretion. He does not deal with policies, nor does he determine anything concerning the justice resulting from an increase or decrease in tariff duty. In the opinion of Chief Justice Taft, he observes that to avoid such difficulties—namely, the exercise by the President of discretion which is legislative in nature—the Congress has adopted "the method of describing with clearness what its policy or plan was, and then authorized a member of the executive branch to carry out this policy or plan."

The differences between the flexible provision and the pending proposal are obvious. In the flexible provision the plan or policy was to provide a duty to equalize the difference in the cost of production at home and abroad. The President is directed to investigate such differences, and if he finds that the duties provided do not equalize the differences it is made his mandatory duty to ascertain the differences and make the necessary change in rates and classifications. In other words, upon the finding of the fact the President is directed to proceed in a certain manner.

As already pointed out, under the pending amendment the President of the United States is not required to find any certain fact. He is not required to act upon any contingency save upon the exercise of his own judgment. He is not required to act in a certain way. There is no mandatory rule that he act at all. It may be that he feels there ought to be an expansion in credit, and that such expansion is justified because he feels that an economic emergency requires it, and that it is necessary to secure international agreements for stabilization "at proper levels", and it may be he entertains the further belief that the purpose of the amendment has not been met or that for any other reason "additional measures are required." It all rests in the judgment of the President, and after he formulates his judgment he then exercises a further judgment whether he shall take any action, and if he decides to act he may then elect which of the permitted actions will be taken.

I pause long enough to suggest that the phrase "at proper levels" is not defined. That, also, is left to the judgment of the President. And so it is that the authority of the President to fix the weight of the dollar does not depend on any known rule or policy described by the Congress. He may do the things that are enacted under subparagraph (1), or he may resort to subparagraph (2), or he may resort to the first alternative of subparagraph (2), or he may resort to the second alternative under the treaty provision of subparagraph (2).

I submit, Mr. President, that the failure to define the contingency upon which the President would act, the failure to prescribe a legislative policy, the failure to make a formula, the failure to outline a plan, the failure to fix the event upon which the President should act, and determine the time when he should act, the failure to make any requirement of him, giving to him the boundless discretion to which I have already referred, takes this language out of the rule as defined in the Hampton case, out of the rule as defined in the old case of Field against Clark, and entirely be-

yond the power of the Congress to enact. The proposal is unconstitutional.

Mr. President, I do not want to detain the Senate much longer, but I want to observe two or three other things which I believe are so objectionable in their nature that this provision ought to be stricken from the amendment offered by the Senator from Oklahoma.

I have said that the language constitutes a delegation of legislative power which I think is in violation of the Constitution. But it does another thing equally as important and possibly more fraught with danger to the Republic than the mere delegation of legislative power. It surrenders the monetary independence of the United States. To the extent of agreements made with foreign powers, it takes from the Congress the authority to deal with the price level in our own country. If exercised by the President through agreement with foreign governments, it effectually strips the Congress of its constitutional power to regulate the value of money and to deal with the price level in our domestic markets.

It may be that that is desirable. It may be that Members of this body will urge that our country will be benefited if we surrender this power to the influences which come from abroad. I cannot find it possible, in my own mind, to reach such a decision upon that point. I am bound to remember that the foreign nations will, in the very nature of things, be more concerned over the welfare of their own people than of ours. Some of them are our debtors; some of them may expect to benefit in one way or another by the price levels, by the value and weight of a dollar. Some of them may think it possible to achieve some of their national aspirations at the expense of the American people.

I do not doubt but that foreign governments would find it possible to reach agreements with us with respect to this matter regulating the value of our money and the value of our commodities. I do not doubt but that competing commercial nations would look upon that proposition with very considerable favor. But, as I have said, I cannot win my own assent to a proposition of that kind.

This proposal, viewed in the light of the suggestion which I am now making, raises the question whether it is better for the United States to fix the gold content of its own dollar, by its own independent action, or whether we are to yield up the power to regulate the value of our money through international agreements.

This subject would permit of discussion far beyond my present purpose. It embraces the question of the foreign debts. The action contemplated under the amendment would involve this country by treaty commitment to a greater degree than any treaty yet made by the Government of the United States in the entire history of the Republic. It involves the question of the control of prices in the domestic price field, and yields up a part of that control to foreign agencies, and these are agencies whose interests are not always identical to ours.

In this connection I call attention to the telegram sent under date of April 24 by Prof. Irving Fisher to the chairman of the Committee on Banking and Currency. This telegram is as follows:

> In my opinion it would be a great mistake to require the President to obtain foreign consent to any changes in the dollar's weight. Such a requirement would impair his bargaining power. It would also have the more serious disadvantage of making our unit of value dependent upon foreign conditions—the very thing that in large part was responsible for our present trouble. Our objective, regardless of the outside world, must be such monetary measures as will reestablish the price level of 1926 and then to hold it there with the minimum of change so that our economic life may not again be disrupted by a fall in price level. Let us have a monetary declaration of independence. Such independence will later on enable us to preserve and stabilize our unit of value no matter what other nations may do.

Mr. President, I am not contending in behalf of the proposition here expressed that we should have a price level equivalent to the price level of 1926. I read this telegram merely because it illustrates in clear language the thing which I am attempting to state, namely, that it is better for our Government to deal with respect to the regulation of its own money and the regulation of its own price level upon an independent basis than to yield up the control to agencies in other parts of the world.

In the entire discussion of this subject I have heard no defense for the proposition of bartering away our constitutional authority to regulate the value of our own money. Something can be said for the idea that the creation in the President of this power to make agreements respecting the weight of the dollar would enable him to restore parity in international exchanges.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. FLETCHER. I want to ask the Senator whether he does not feel that this proposal is an emergency matter and that it does not attempt to fix and establish a permanent monetary policy for this country?

Mr. STEIWER. Mr. President, if I were to answer the question from an inspection of the amendment itself, I would be obliged to say to the Senator that there is nothing about it to suggest that it is an emergency matter. There is no limitation of time upon this proposal to deal with the gold content of the dollar. Nor do we propose vesting this power in the present occupant of the White House alone.

If this legislation shall be enacted, the power will rest with the President of the United States, whomsoever he may be; it will reside there until it is recalled by Congress, and if the effort ever is made to bring it back against the force of an Executive veto, we know that it will not be recalled until two thirds of both bodies vote in that behalf. So we may realize now that if we enact this paragraph as it is written, this power may never be recalled by the Congress in the lifetime of the Senator from Florida, or in my lifetime, and we are not justified, I think, in saying that this proposal is a temporary or emergency proposal, because as it is written it seems to be a permanent declaration of policy, a permanent delegation of authority to the President.

Mr. President, resuming at the point where I attempted to answer a question propounded by the Senator from Florida, I want to reread one sentence from the telegram sent by Dr. Fisher. He says in his wire:

> Let us have a monetary declaration of independence.

Such a declaration is wholly unnecessary. It would be trite and unnecessary, probably, for me to remark that the American Colonies fought for that independence and attained it over a century and a half ago. It has been ours ever since the beginning of this Government. It will remain ours unless we barter it away. I cannot support a proposal which even suggests or invites bartering away all the essential power of control over our own monetary system.

Now, I will discuss one other proposition and then I will conclude. I want to refer to the importance of this power. I think we should not support this paragraph or withhold our support from it merely upon the ground of its importance.

We are in an eventful era. We are dealing every day with matters of gravest consequence; but I submit to all Senators, and especially those who favor this proposal, more to them than to those who oppose it, that the importance of the matter makes it all the more necessary that we view it with the very closest kind of scrutiny. It is because of the magnitude, the possibilities, the extent, of this amendment that I am constrained to examine it in order to determine whether or not it meets constitutional requirements. It is because of its importance and extent and magnitude that I am disposed to criticize it for being equivocal in its structure. If it were a trivial matter, I would not detain the Senate and argue here that the language in itself is ambiguous. It might under other circumstances be of little consequence whether the language was ambiguous or whether it was interpreted finally in one way or another, but because of the gravity of the situation and because of the consequences which may flow from the enactment of this kind of legislation we have a right to regard the importance of the proposition.

With all respect to the President of the United States, I feel that the authority is too great to be reposed in any one citizen of the Republic.

The power to regulate the value of money is a power to increase or decrease in terms of money the value of everything that man possesses. It is the power to enrich and to pauperize. It transcends the limits of imagination. It is the power of absolute monarchy. In its extent and magnitude it equals the sovereignty of the mightiest rulers in history, and, if employed unwisely, could destroy the Nation.

Granted in times of peace, it exceeds the authority exercised by the President in time of war. It is a greater power than that which Lincoln exercised in the emancipation of the colored race, because it may be employed for the enslavement of all races.

With the sympathy which I feel, Mr. President, for the general purpose of this amendment I regret to be obliged to declare my dissent from this particular paragraph. Because I feel that it is unconstitutional, because I feel that it is ambiguous in its phraseology, because I oppose bartering away by treaty the power to regulate American money and American prices, because I regard the powers in question too great in consequence and in magnitude to be conferred upon one citizen of the Republic, I am obliged to withhold my support of this paragraph. It ought to be stricken from the amendment.

Mr. LONG. Mr. President, I ask permission to have printed in the RECORD an editorial from the New Orleans Item, signed by Mr. James M. Thompson, which covers the question now before the Senate, I think, in such manner that it will be of great interest to the other Members of the Senate.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[Front page editorial from the New Orleans Item, Apr. 25, 1933]

THIS IS THE TIME TO RALLY

The stage is set in Washington for the greatest battle over finance, both public and private, that has been fought in the United States since Andrew Jackson braved destruction by attacking selfish and corruptive private control over the money of the Republic, as then vested in Nicholas Biddle's Bank of the United States.

Franklin D. Roosevelt was nominated and elected President against the opposition of the corrupt and corrupting money powers operating, first, through their creature, the Republican Party, and, next, in the Democratic National Convention. There the Power Trust and other "conservative trusts", and the money masters of Wall Street did all they could to prevent his nomination by the progressive Democrats of South and West.

Roosevelt, "the weak man", also "the only Democrat who cannot be elected", was swept into office by an overwhelming vote of the progressives of both parties. Nor could Wall Street stem the tide for him in his native State of New York. Even Pennsylvania, home of the Nicholas Biddle's Bank of the United States, perpetual political bulwark of a corrupt alliance between politics, money, and business, was almost dragged into line by revolt among a suffering people. A vast patient majority of Americans, robbed, almost ruined, saw Mr. Roosevelt take his presidential oath amid complete collapse of the Wall Street controlled system of banking and finance.

The same interests whose policies had wrecked a third of our banks hoped and tried to sell Roosevelt a financial policy which would close 5,000 more banks and leave Wall Street in chain control of the banking and financial power then surviving in the United States.

Big money, selfish and corrupt national and international finance, doesn't care who sits in the White House, who presides over the Treasury, so long as it controls the money and the fiscal policies of the Government itself. It is bipartisan. It is nonpartisan. It aims always to keep enough "conservative Democrats" on legislative rolls to offset any "progressive Republicans" who may defy its dictates or slip its leash.

So these little Wall Street Democrats, more particularly from the South, Mr. Mellon's man, Senator DAVID A. REED, of Pennsylvania, and little Oggie Mills, the darling of Wall Street, are appealing against the program of President Roosevelt and the progressive majorities in Congress.

These Bourbons who have delivered the richest Nation in the world to the brink of ruin, on the very day they were handing over the power of government to Roosevelt, were, like Samson of old, pulling their temple down around them. And, like so many Delilahs, they have since been trying to cut Roosevelt's hair. They would now prevent him and Congress from following the only line that can save the very money which gave them place and leave them some remaining power.

The greed, callousness, and hoarding of the class for whom they speak have had their day. They would do well to bow to the storm. Money—its control and regulation in the United States are almost purely a domestic question. Responsibility for our money constitutionally rests with the Congress.

The pending money bill has no necessary relationship to farm bills. The President and Congress should agree on measures and methods so far and so well safeguarded that no room is left for reasonable dispute over the constitutionality in the exercise of power. The line should then be drawn, the issue made, the roll called on the question which of the people's representatives in this great crisis serve mammon and which serve man.

It is inconceivable to us that any Congressman from stricken Louisiana, Mississippi, or Arkansas can align himself for Mr. Mills' kind of "sound" money, "sound" banking, and "sound" finance.

It will be a matter of deep concern to the people of America for a generation to come to note how many conservative Democrats from the South and West respond to the despairing cry of REED, of Pennsylvania, and to the lobby calls of Ogden Mills and interests for which he stands and works.

Common honesty, national honor, and the emancipation of our great people from thralldom to a sterile and dead system, demand monetary reform in America. A man who is not free to work, who cannot get a living wage, is not a free man. A man with work who cannot pay a reasonable debt on his home or his farm is not a free man. A man in an average business who cannot make a living is a slave to the lender. When Roosevelt came into office, 9 out of 10 Americans, measured by those standards, were not free men.

Good, able, and conscientious men may, and will, align themselves in Congress against a forward policy in the Nation. Nor will all who vote for it be angels.

But the vote will constitute, as a whole, the greatest test of the mastery of money against service to the people, which has taken place since Jackson asserted the sovereignty of the people against the power of money.

JAMES M. THOMSON, *Publisher.*

Mr. BORAH. Mr. President, I feel under some obligation to take a limited time of the Senate owing to the fact that there are some provisions in the pending amendment to which I cannot give my support while with other parts of it I am in full sympathy. I wish to make my vote intelligible if possible.

Mr. President, we are legislating in the face of a great national peril, indeed, in the face of a great world peril, and naturally our minds, our conclusions, and our thoughts are affected by the conditions and environment which surround us. At the present time the representatives of the leading nations of the world are gathering in Washington to consult with the President of the United States relative to world conditions. That which brings them here is the economic distress and suffering of the people in the respective countries from which those representatives come. We have had depressions heretofore, and it is sometimes said that this one is no different from previous ones. It is different in its world-wide extent and in its intensity. There is no nation in the world whose people are not suffering at the present time because of unhappy economic conditions. Nations of the world have come together to consult. One of the representatives who is here and who has given his life to the cause of humanity, an apostle of peace, has stated that this contest was no less than a contest for civilization; that if we could not find a solution for the problems which now confront us and could not by adjustment find relief for our people, he could not see how it was possible to escape calamities beyond the power of human language to portray. It is these conditions, Mr. President, that confront us at the present time and with which we are striving, as best we may, to deal.

It has been said that there is at this time throughout the world an indebtedness of some $300,000,000,000 which is now in default, either in interest or in principal. It is estimated that some one hundred and odd millions of people are without employment throughout the world, and that number is constantly increasing. Commodity prices until within the recent days have receded to a point where they have not been found in 300 years; the problem which we have is to find a means or a method by which to raise commodity prices. It is thought by some of us that controlled inflation will assist in that respect. I am of that belief.

It is not alone, Mr. President, the material loss which we are called upon to suffer, but the changes which are being wrought in the whole structure of government and in the spiritual, moral, and physical welfare of the people. It is something without a precedent in history, either in time of

peace or in time of war. Our own form of government, under the devastating forces which now play against it, is undergoing a change with which in after years, should we escape from this condition, we shall find it necessary in many respects to reckon. So, Mr. President, we are legislating under extraordinary conditions.

I do not find, outside of one section, any reason to be alarmed over the inflation provided for in this amendment. I think it, indeed, a conservative measure, save and except for one section to which I shall refer later.

The first section of the amendment dealing with the question of open-market transactions or with the inflation which may flow from the action by the Federal Reserve authorities is certainly a very fairly guarded and conservative proposal of legislation. If we secure inflation or an expansion of the currency under this section, we will do so after having secured the judgment and the approval of an exceptionally able and certainly an exceptionally conservative body of men. There must first be procured upon the part of the President an agreement having the endorsement and approval of the Federal Reserve Board and the Federal Reserve banks. Before the $3,000,000,000 can be put into circulation the action must have the approval of these able and conservative gentlemen, who are thoroughly advised with reference to financial matters. I feel no one need to fear that there will be any misuse or abuse of this particular provision of the bill. I do not myself anticipate any expansion here. I wish it were more liberal. I am afraid those of us who want inflation have most to complain of.

Mr. GLASS. Mr. President——

Mr. BORAH. I yield.

Mr. GLASS. Would it somewhat astonish the Senator from Idaho to be told that these gentlemen were not consulted about this provision of the bill?

Mr. BORAH. No; I do not think that would surprise me, but it would surprise me tremendously if they were not consulted before this currency should be issued. It is certain that before any action can be taken with reference to putting in circulation the currency provided for by this section it must have the approval not only of the Federal Reserve banks but also of the Federal Reserve Board; no action can be taken until that approval is given.

Mr. GLASS. Does the Senator realize that if such approval is given, the Federal Reserve Banking System is at once degraded to the point of becoming a subservient agency of the Treasury, to be operated not to respond to the requirements of commerce and of industry and of agriculture, but merely to respond to the requirements of the United States Treasury?

Mr. BORAH. I assume that in giving its approval the Federal Reserve Board will be governed by what it thinks are the commercial and financial interests of the country rather than political interests.

Mr. GLASS. Then the Senator assumes things that I do not assume.

Mr. BORAH. I am the last man in the Senate to differ with the able Senator from Virginia upon a matter of this kind; but as an inflationist, as one who believes that controlled inflation is a very important element in bringing about recovery, I was rather discouraged that the first section of the amendment was put under the control absolutely of men who thus far have stood against any kind or form of inflation.

Mr. GLASS. If the Senator will permit a further interruption——

Mr. BORAH. I yield.

Mr. GLASS. The Federal Reserve Banking System today has, with its gold supply, ample facilities to expand the credits and currency of the country in excess of $4,000,000,000. Why should it be expected that they will make use of this proposed $3,000,000,000 of expansion when they do not now expand when they have ample opportunity to expand?

Mr. BORAH. I have thought of that ever since this bill came before the Senate, and that is the reason why I say that, as one who believes in inflation, I do not get very much comfort from the first section; but it does seem to me that those who are opposed to inflation ought not to find any difficulty in supporting this provision of the measure.

Mr. GLASS. If I have the strength, I think perhaps I shall take occasion to present some reasons why I do not feel at liberty to support it.

Mr. BORAH. Above all things, I trust the Senator will have strength enough and for many years to come. But if we were going to select a body of men in the United States to pass upon the question of an expansion of the currency, of what is called in popular parlance "inflation", where would we find a more intelligent, a more conservative body of men to pass upon that question than the directors of the Federal Reserve banks and the members of the Federal Reserve Board?

Mr. President, in all probability there will be no expansion under that section; but that is a matter about which we should complain rather than those who are opposing the measure. If we are not going to reject all expansion and all inflation, if we are going to set up a body at all with which to deal with the matter from a conservative viewpoint, I know of no more conservative body than that which has been selected.

Mr. GLASS. The point of contention is that if there be inflation under that section of the bill—in other words, if that section of the bill shall be used—just in the measure that it shall be used for the purposes of the Treasury, the Federal Reserve System will be unable to respond to the legitimate requirements of commerce, industry, and agriculture.

Mr. BORAH. I take it that the Federal Reserve Board and the Federal Reserve banks will in passing upon that question take into consideration that very fact. I assume that they will be guarding the interests of the Federal Reserve banks and the interests which they are there to protect in conjunction with passing upon the question of the expansion of the currency.

The debate has ranged around what is known as the "greenback" laws more than the first section. Mr. President, much has been said in the way of criticism of paper money, but I call attention to the fact that there has never been a great emergency in the history of the world, where finance was involved, that the government involved did not rely in the last instance upon paper money to carry them through. Of course, it is an emergency matter, it is an emergency money; but it is nevertheless called upon in all great exigencies to supply that which cannot be secured without it.

Mr. GLASS. Mr. President, I may say to the Senator that I think that is the least objectionable provision of the bill and the most sensible, if any part of it is sensible.

Mr. BORAH. I thank the Senator.

It has been said that this money which is to be issued is just paper, nothing but paper. It is just paper. But, Mr. President, behind the paper and in support of the paper are all the brain, all the energy, all the integrity, all the patriotism, all the wealth of the United States. The honor of the United States supports it. It is issued under the old law of 1862, but it is issued with far more conservative provisions than accompanied the issuance in those days. Here there is a provision for a sinking fund and a provision as to how the money, when issued, shall be used, which makes it, in my judgment, a perfectly conservative provision. It is safe and sound if the wealth and the honor of the United States can make it so. It is called into existence purely as an emergency proposition and will be taken care of under normal conditions in a way that no one will suffer by reason of it.

Mr. President, we come to the portion of the bill to which I find it impossible to give my support.

Mr. LONG. Mr. President, before the Senator leaves that section, does the Senator know of any objection, if we are going to issue $3,000,000,000 of currency, to paying the obligations of the United States which will have to be paid anyway in 1945? In other words, if we need 3 billions more of currency, though I doubt very much whether the

Federal Reserve Board will issue that three billions, how would the Senator look upon our paying an obligation which we have to pay anyway in 1945, when we get the money?

Mr. BORAH. The Senator is speaking of the soldiers' bonus?

Mr. LONG. Yes.

Mr. BORAH. I do not care to discuss that until I hear the amendment which has been offered by the Senator from Indiana [Mr. ROBINSON]. That will come up for discussion later.

Mr. President, the provision of the bill, with reference to what we may call devaluing the gold in the dollar, seems to me to be the very reverse of what we are trying to do here. It seems to me to be distinctly a deflationary provision of the bill. It will counteract to a very marked degree, in my opinion, any benefit which might be derived from the other provisions of the bill. If we say to the business world that we may at some time in the future devalue the gold dollar, it is the most deflationary provision, in my opinion, that we could put into a measure dealing with the money question.

If I were called upon to enter into a contract to be concluded in 5 years or in 2 years, it would be practically impossible for me to do so with any degree of certainty as to my rights or as to the development of my business under such a contract. It might be of such and such a value one day and a different value on another day. Business requires some degree of certainty when we come to the question of entering into long-time contracts or into any form of business development. This provision of the bill will be calculated to sterilize any improvement of prices which might flow from the other provisions of the bill.

There is an element of uncertainty in it which cannot be foreseen. I do not say that I would not vote under some circumstances to reduce the value of the gold in the dollar. But it is one of those things which, as Shakespeare said:

> If it were done, when 't is done, then 't were well
> It were done quickly.

We cannot suspend the business world or rather hang a sword of Damocles over the business world in the nature of deflation of the dollar and not have a deflationary effect upon business.

I am not going to discuss the constitutional question, but it is here, and this puts another element of uncertainty into the matter. No one knows, nor can anyone know until the Supreme Court passes upon it, whether we have the power to delegate to the President the authority which we are here undertaking to give. That is another element of uncertainty. We not only have the element of uncertainty as to its constitutionality but we have the element of uncertainty flowing from the fact that the value may be changed. If this is not deflationary, I do not know what would constitute a deflationary factor in the business world. It is for that reason that if I have an opportunity I shall vote to strike out of the amendment the gold section.

Mr. REED. Mr. President, will the Senator permit an interruption?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Pennsylvania?

Mr. BORAH. I yield.

Mr. REED. I offered an amendment to strike out that section, but temporarily withheld it in order to allow the Senator from Montana [Mr. WHEELER] to offer an amendment to the amendment of the Senator from Oklahoma which I propose to strike out. As soon as the amendment of the Senator from Montana is voted on, I take it the question will recur on my amendment to strike out.

Mr. BORAH. No one, I presume, will contend that the constitutional question is beyond doubt. I am discussing it now not in order to demonstrate that it is unconstitutional, although I believe it is, but to demonstrate the fact that it puts an element of uncertainty into the program. It is claimed that the Supreme Court, in what is known as Field against Clark and the flexible-tariff decision, has announced a rule which makes safe or justifies the delegation of this particular power. I have always thought those decisions went to the limit and even beyond. Under the flexible-tariff decision it seems to me the Court has almost given Congress an unlimited authority with reference to delegating power to the President. But if Senators will examine the opinion, they will find that the Court requires certain rules and specifications with reference to the delegation of that power, a certain formula or a certain condition, which are not found in this amendment. Therefore we have the undetermined question as to whether this power can be delegated, which makes for uncertainty.

Then we have, secondly, the question of whether the dollar will have a certain gold content today and another, different content next year.

The friends of inflation ought to be far more concerned about this matter than those who are opposed to it, judging it wholly from the standpoint of securing the objective which they have in mind in passing the measure.

Mr. BAILEY. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from North Carolina?

Mr. BORAH. I yield.

Mr. BAILEY. I invite the Senator's attention to the fact that the Secretary of the Treasury is to be authorized to sell some 3-year bonds. It is stated that it is to be agreed on the face of the certificates that at maturity they will be paid in gold of the present standard of weight and fineness. Assuming that to be so and assuming that 60 or 90 days from now the number of grains of gold in a gold dollar has been reduced, I should like to have the Senator inform me what course the Treasury might pursue with respect to a new issue in view of the new content of the gold dollar?

Mr. BORAH. I do not know. The question of the Senator from North Carolina only emphasizes what I am trying to express—the uncertainty which inevitably enters into the entire monetary system of our country if this is made the law of the land.

Mr. BAILEY. One set of bonds would be payable in 23-grain dollars and the next set in 15-grain dollars. Is not that true?

Mr. BORAH. That would be true. I do not know whether the Secretary of the Treasury is in favor of this provision or not. I see smiles playing over the faces of those who are in a better position to know than I am, but I do not know how to interpret those smiles. I assume that if he is in favor of this provision he has thought out such matters as the able Senator from North Carolina has submitted, and therefore is prepared to meet them.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Kentucky?

Mr. BORAH. I yield.

Mr. BARKLEY. I do not know whether the Senator wants to be diverted into a metaphysical discussion of the gold subject or not, but it does have some bearing upon the interpretation of the Constitution.

From 1923 to 1929 the normal increase in production and business in the world was about 3 percent per annum. The increase in the production of gold was about 2 percent during the same period. The normal increase in the amount of gold available for money was about 1.7 percent compared to the 3-percent increase in the volume of business, production, and exchange of commodities throughout the world.

For a number of years, taking the average increase in production, in gold, and in the transaction of business, gold has not kept pace with the world's business in the matter of increase. Looking ahead many years to some solution of the growing disparity between new gold and new business, and assuming that we should not change the gold content because of contracts that are outstanding, what is to be the final solution of the monetary situation which now seems to be harassing the entire world if we are "hog-tied" because of contracts that have been entered into in the past and cannot change the content of the gold dollar because it would affect some contract heretofore entered into? That

is a subject which bothers me very considerably in arriving at a conclusion as to this particular section of the bill.

Mr. BORAH. The extent to which the Government may go in effecting a contract by change of the gold content of the dollar is, I think, an undetermined question, but certainly the Government did go a long way in the *Legal Tender cases* in indicating that all contracts must yield to the sovereign power when it is dealing with the question of a medium of exchange or standard of value.

Mr. BARKLEY. I assume that, of course, the word "regulate" in the Constitution, authorizing Congress to coin money and regulate the value thereof, is the same word "regulate" that is used in the authority conferred upon Congress to regulate commerce, which does not mean that it can put into operation a regulation once and for all, and that it never can be changed. I assume that this constitutional grant of power is a continuing power which may be exercised from time to time.

Mr. BORAH. Undoubtedly.

Mr. BARKLEY. It is inconceivable to me that when the Constitution says that Congress may regulate anything one regulation originally put in force is final, and that it never can be changed; and I am growing in the conviction that the same interpretation must be placed upon this particular part of the Constitution authorizing the coining of money and the regulation of the value thereof. If we are to look into the future and realize, as it seems to me we must realize, that as business grows, and the world becomes an advancing economic unit, and the amount of any one precious metal, whatever it may be, either gold or silver, falls behind the procession, we must find some other way by which to stabilize—or, if "stabilize" is not the right word, at least to try to keep money in its sound aspects in some proportion of growth with business in the world—that we must consider whether we are always to be tied to this particular fetish with respect to gold, as it happens to be gold that we are worrying about now, or any other metal that might have been used instead of gold.

Mr. BORAH. We could obviate the serious situation which the Senator paints for a time, at least, by remonetizing silver.

Mr. BARKLEY. I agree that that would be one way of doing it, but I am wondering whether, after all, that is the better way; whether, as the Senator said a while ago, it would be better to issue money based upon the entire wealth and the entire character of the Nation, which is the kind of greenbacks we are providing for in this amendment, rather than to have a double standard of value, which is objectionable to many people who believe in hard money.

Mr. BORAH. The Supreme Court, in the *Legal Tender cases*, used language in different places which may easily be construed into support of the contention that we may at any time change the gold content, notwithstanding contracts. The language is not clear, but it is certainly indicative of that trend. The court says here:

> As in a state of civil society property of a citizen or subject is ownership, subject to the lawful demands of the sovereign, so contracts must be understood as made in reference to the possible exercise of the rightful authority of the Government, and no obligation of a contract can extend to the defeat of legitimate government authority.

That would indicate that the Court at that time was entertaining the view that all contracts would have to yield to the sovereign power of the Government in dealing with the monetary question; but aside from the constitutional question, of course, there is the question of policy——

Mr. BARKLEY. Yes.

Mr. BORAH. And the moral question, which is quite as important in some respects as the constitutional question itself. I do not think any government ought to establish, even if it has the power to do so, the principle of disregarding or violating its own contracts; and I should say that even if we had no Constitution, because that is the basis of all business security. It is the basis of all prosperity. There can be no progress in business affairs unless that is conceded.

Mr. BARKLEY. I agree to that principle. By analogy, though, we might go further and say that if the Government, as a matter of morality, ought not to violate its own contracts, it ought not to enact legislation either permitting or compelling others to disregard or impair their contracts; and when we go that far, we go far enough to paralyze the Government in all of its functions, because there never can be a time when there will not be some outstanding contract that might be affected in its validity to some extent by an act that Congress might pass in pursuance of a constitutional authority.

Mr. BORAH. Mr. President, I am not going to discuss the details of this legislation at all. I rose simply to explain my views in connection with the vote which I shall cast against what is called the gold section of the bill. If that is defeated, I shall nevertheless vote for the passage of the measure. I hope it will be taken out of the bill; but I regard the other parts of the measure as of such transcendant importance that I shall vote for it, notwithstanding the fact that that may be retained in the bill, although I shall regard it as most unfortunate if it is, for, Mr. President, we cannot pursue any longer the policy which we have been pursuing for the last 4 years. We have undertaken in no effective way to deal with the question of the fall of commodity prices. Everyone concedes that an inflation of the currency will have the effect of causing a rise of commodity prices. If it is adequately and safely and securely controlled, in my judgment it can be made to serve the cause of the people without bringing the injuries or the detriments which have been prophesied upon the part of some of the opponents of the measure.

Unlimited inflation, of course, would be almost as destructive, if not quite so, as unlimited deflation. There certainly must be a middle course, however, where reasonable men may pursue a reasonable policy and secure adequate relief to our people through a rise in the price of commodities without bringing such disasters as accompanied the effort in Germany and in France, which were wholly different from the one with which we are dealing.

Mr. President, I hope the measure will be corrected in that respect and then passed. It is a move in the right direction. But we shall have to go further.

Mr. CAPPER. Mr. President, I rise to speak briefly in support of the Thomas amendment proposing, as I see it, to give President Roosevelt the power, within well-defined limitations, to do two things that are closely related:

First. To enter a world economic parley in which monetary stabilization is one of the most important elements of the world problem, with sufficiently flexible powers to leave him free to act for the best interests of the people of the United States.

Second. To use the leverage of a controlled currency, within the limitations of the measure, for the purpose of raising commodity prices.

It must be admitted that this is an unusual grant of power to the President; but much as I regret the situation in which we find ourselves, much as I regret the necessity of action such as the Senate is going to take today or tomorrow, at the same time I must confess it seems to me this grant of unusual powers is necessary.

The man who cannot rise to an emergency by doing unusual things to conquer the emergency is very likely to be defeated by the emergency. The same thing is true of a community, of a nation, of a civilization.

It is in my mind, and has been in my mind for some time, that we face such an emergency today. We face it as individuals, we face it as a nation, we face it as a civilization. We as individuals, we as a nation, we as a civilization must rise to meet the emergency.

That means that we shall have to do things which are unusual, which have in them elements of danger.

Of course monetary inflation, no matter how well-controlled, is dangerous. Of course uncontrolled inflation would be fatal, as it always has been. But, Mr. President, deflation also has its dangers; and to my mind we have reached

this point. Controlled inflation has in it, as I have just said, elements of danger; but, on the other hand, continued deflation is more than dangerous. It is comparable to national suicide, in my judgment.

We need, and the world needs, higher commodity prices. Commodity prices are so low that commodities cannot be produced except at a loss. Since the value of capital investments, the value of securities, the value of debts themselves, to say nothing of wages and jobs which bring wages, all depend in the last analysis upon commodity prices. It is highly necessary that we obtain higher commodity prices.

In other words, there is good inflation as well as bad inflation. There is a necessary inflation. An inflation which restores a reasonable price level achieves a comparably equitable balance between debtors and creditors, and which leads toward a restoration of international trade on a fair exchange basis, is more than a good inflation. It is a necessary inflation.

Mr. President, there is no question as to the need of higher commodity prices; and I think it is just plainly impossible to have higher commodity prices without a cheaper dollar. The value of the dollar is the reciprocal of the value of all commodities. The dollar is our medium of exchange. It also is our measure of value. When commodity prices go down the value of the dollar in terms of commodities goes up; and it is just as inevitable that when commodity prices go up the value of the dollar in terms of commodities must come down.

The interest, the prosperity, in the last analysis the physical existence, of 95 percent of the people of this country depends upon either the production of commodities or the services rendered in connection with the distribution of commodities. The immediate interest of perhaps 5 percent depends upon dealing in money—handling the dollar, in other words—and I say that the interest of 95 percent is of transcendent importance as against the immediate interest of 5 percent.

The purpose of the Thomas amendment is to raise the commodity price level. That is in the interest of 95 percent of our people, and I am going to support that program.

It seems to me fundamental under our capitalistic system—and I want to continue that system; I do not want to go to state socialism or to communism—it is fundamental that we have living commodity prices. By "living commodity prices" I mean prices which afford a living to those who produce commodities.

Living commodity prices are in the best interest of producers; also they are in the best interest of consumers and in the best interest of labor.

This is because consumers—95 percent of them—are either producers or distributors of commodities or of services necessary in the production or distribution of commodities, because the wages of labor, in the last analysis, are paid from the prices received for commodities.

Mr. President, for the last few years we have seen commodity prices go down and down and down. For the last few years we have seen the reciprocal value of the dollar go up and up and up.

That reached the point where the dollar that a few years ago would exchange for 1 bushel of wheat would exchange for 3 bushels of wheat. I am citing wheat merely as an example. Wheat probably is the best single barometer of commodity prices, though it goes to extremes at times.

I say commodity prices have gone down and down and down. The reciprocal value of the dollar has gone up and up and up. What has been the result?

Has labor profited from cheap commodity prices, from the high dollar?

Labor has not profited. Lowered wage scales and 14,000,000 unemployed are sufficient answers to that question.

Has the consumer profited from the high dollar and low commodity prices?

The consumer has not profited. Millions of them are in breadlines. Other millions face the loss of their savings, the loss of their homes, the loss of their jobs.

No one would be foolish enough to assert that the producers have profited.

As a matter of fact, less than 5 percent of the population has profited from the deflation of commodity prices which has been going on, which has been allowed to go on through a misunderstanding of the fundamental laws of economics on the part of those in high places.

The profits of the 5 percent, if this deflation goes on to the bitter end, will prove only imaginary profits, because if the 5 percent gets hold of the things the 95 percent need for their existence and material well-being, then the 95 percent will satisfy their needs by force. That has been the history of mankind from the beginning, because those in power, the 5 percent who profit from dealing in money, have failed to understand the laws of economics in terms of human beings.

The reflation program of President Roosevelt, as embodied in the Thomas amendment, frankly and seriously proposes to force a deflation of the dollar, which is the same thing as an inflation of commodity prices.

As I read the bill and gather from what is going on—I hope that when it is accomplished one more step will be taken, which I will mention later—the program embraces three steps.

First. It authorizes the Federal Reserve Board, through open-market operations, to place as much as $3,000,000,000 of credit money in circulation.

Second. It authorizes the President, if the Federal Reserve System does not do this, or if the three billion is just transferred from one banking deposit vault to another deposit vault, or if the three billion does not result in sufficient rise in commodity prices, to issue $3,000,000,000 in greenbacks, with a provision for their retirement in 25 years.

Third. It authorizes the President to devalue the gold dollar. That is, he can reduce the gold content of the dollar as much as 50 percent, or one half, if he considers it necessary.

Now, as I understand it, that last provision would make possible a further expansion of $6,000,000,000 beyond what is possible at the present time.

All these powers are permissive. They may not be used. They may be used. President Roosevelt says they are necessary for him to have in these times. I am willing to intrust him with that power, then to hold him to account for the manner in which he uses that power—or those powers, to state it a little more accurately.

It seems to me, in this desperate situation, that it is necessary for these or similar powers to be lodged somewhere. Congress evidently cannot exercise them effectively in this emergency. I think we may as well admit that. Flexibility and quick decision are needed.

The Federal Reserve Board and the Federal Reserve System are too banker-minded—they honestly and conscientiously see the 5 percent as more important than the 95 percent—to be intrusted with these powers.

If these powers are to be granted, it is logical to give them to the President and then hold him accountable. He is the one more directly personally responsible than anyone to whom such powers can constitutionally be given.

What would be the effect of devaluing the dollar? Of course, many factors enter into this question. A categorical answer is hardly possible; but, in a general way, something like this could happen. We would be placed on an equality in world trade with other nations which have gone off the gold standard, or to a lower gold standard. We would have to trust to the success of the President in the coming world parleys to obtain agreements by which another world-wide depreciation in currencies would be stopped. I believe such an agreement is possible, even probable, if our President has enough flexible powers to enable him to negotiate without having his hands tied by inflexible monetary statutes and regulations.

It would tend to make our tariffs effective against depreciated currencies, subject, of course, to similar limitations as to the results of negotiations with other nations as to

trade agreements and monetary stabilization on an international scale.

It would reduce the debts of the country and its people, as measured by commodities, toward the debt level at the time most of those debts were contracted, which is fair to both debtor and creditor and in the best interests of both. A creditor does not profit from a bankrupt debtor. Better be owed $1,000 which can be paid, with interest, than $2,000 which will be defaulted and the security for which, after Nation-wide defaults, will be worth considerably less than $1,000.

It would result in easing the tax burden, measured in commodities—and it is commodities which pay the taxes through the device of money. That is fundamental, as I see it.

There has been a lot of talk about what deflation of the dollar to meet commodities would do to life-insurance policies and to savings accounts, upon savings generally. These orators paint a terrible picture of the depreciation of all these forms of savings.

As to the man who has hoarded money, the picture probably is true. He has in his possession money with a value out of proportion to commodities. The hoarder would see the value of his hoardings diminish. But the one whose savings are invested in life-insurance policies, in savings banks, in savings accounts in the long run would benefit from the deflation of the dollar, provided that the inflation means is controlled, and it must and will be controlled. So the devastating picture these folks paint is not the true picture. Why is it not a true picture? To me the answer seems simple and very plain.

The deposits in savings banks, the money invested in life-insurance policies, are not held by the banks or by the insurance companies in the form of cash. These deposits, these insurance payments, are invested. What are they invested in? They are invested in farm mortgages, in city mortgages, in railroad stocks and bonds, in Government, State, and municipal bonds, in utility stocks and bonds.

The value of all these mortgages and stocks and bonds rests finally upon commodity prices. Farm mortgages are not good security, are not worth face value, when farm products cannot be sold at a profit. City mortgages depreciate rapidly in value—and they have done so—when the city people do not have jobs, when the city merchants do not have trade, when the city banks must remain liquid and cannot lend their money at a profit.

Railroad bonds and stocks are sure to depreciate—and they have depreciated—when the low prices of commodities make it unprofitable to ship freight.

Two thirds of the assets of life-insurance companies are invested in the class of securities I have just described. Cut the value of these investments in two—and that is what deflation has done—and insurance policies and savings accounts cannot be realized at their face value. Put up commodity prices and they will regain face value. That to me is A, B, C.

Mr. President, I will admit it is dangerous to change the base of our monetary system, but it is fatal to allow this deflation to go on unchecked; it is dangerous to allow it to go on for the length of time it will take for bankruptcies, foreclosures, more unemployment to complete the job of deflation.

I would rather pursue a dangerous course of action that holds some promise of carrying us through to safety than to stand still and see this Nation go through bankruptcy and possible disintegration.

There is one thing more that I consider necessary in dealing with the monetary system. After we have deflated the dollar and brought it to parity again with commodities we should stabilize its purchasing power through Federal control of the dollar and its subsidiary coin and currency. By Federal control I do not mean Federal Reserve control. I mean Federal control in the interest of producers and consumers, not simply in the interest of the money changers.

We want and need an honest dollar. An honest dollar or a scientific money is one with a constant buying power for commodities rather than a fixed weight of one commodity. Our whole tax and debt structure rests on commodity prices. If this is to be kept sound for creditor or debtor—I would say for creditor and debtor—it is commodity prices that must be kept stable, not the weight of gold for which a dollar may be exchanged.

Two more points, and I will close. In the first place, I am supporting the Wheeler amendment to give the President power to remonetize silver if that is found necessary to help reestablish foreign trade. If it is not necessary, I am bound up myself with a traditional philosophy of a gold base in our monetary system. But I can see where a bimetallic system, if sustained by international agreements, might lead to better conditions in world trade. I am willing to trust that power to President Roosevelt also.

I am perfectly aware of the controversy over silver. I do not claim to have any superior knowledge when it comes to monetary systems. But it does seem to me that many of the objections to bimetallism or symmetalism are based on political tradition rather than on economic laws. For those reasons I am supporting the Wheeler amendment.

The other point is this: Much has been made of Germany's inflation and its failure. We all admit its failure. Of course, we do not want anything like that. There is no reason why we should get anything like that from this measure. But the conditions here today and the conditions in Germany when it went wild on an inflation spree are not comparable. Germany had a gold shortage. We have the world's largest gold reserves, and these reserves have been impounded by our Government.

Germany had an unfavorable trade balance; we still have a favorable trade balance. Germany is far from being a self-sufficient nation. We are not, of course, self-sufficient, but we are as near being self-sufficient as any nation in the world. Germany balanced her budget with printing-press money. We have balanced ours—or made possible its being balanced—so far as operating expenses are concerned, before we considered a controlled inflation.

So, Mr. President, I have resolved my doubts in favor of the Roosevelt-Thomas amendment and am willing to try this dangerous course, entrusting its execution to the President with the limitations provided in the measure.

Mr. ROBINSON of Arkansas. Mr. President, I wish to submit a request with a view to imposing a limitation on debate on the pending bill and amendments thereto.

I ask unanimous consent that after 2 o'clock tomorrow no Senator may speak more than once or longer than 15 minutes on the bill or on any amendment which may be pending or which may be offered.

Mr. ROBINSON of Indiana. Mr. President, reserving the right to object, I should like to ask the Senator from Oklahoma whether he is prepared to accept the so-called "bonus amendment" which I have offered as an amendment to his amendment, and which lies on the table and is to be printed, and which will come up for discussion tomorrow very early, I assume. I do not think it will take long to dispose of the amendment. I do not suppose it will require a lot of debate, but I think we ought to have at least an hour for anyone who wants to speak on that one amendment. I am assuming that perhaps, since the Senator from Oklahoma last year was one of the principal sponsors of the bonus legislation which was proposed then, he will accept this amendment to the so-called "Thomas amendment." If he will, that will eliminate any debate, and then I will be perfectly willing to agree to the unanimous-consent proposal.

Mr. REED. Mr. President, will the Senator permit a suggestion?

Mr. ROBINSON of Indiana. Yes; I should be very glad to have a suggestion.

Mr. REED. Regardless of the absence of the Senator from Oklahoma, the limitation proposed by the Senator from Arkansas would give any Senator a half hour to discuss the so-called "bonus amendment." A Senator could speak 15 minutes on the bill, and 15 minutes on the amendment.

Mr. ROBINSON of Indiana. I am suggesting an hour. I do not think it will take long; but that is what a cloture arrangement would provide for, and I think that any Senator who wants to speak on as important a matter as the so-called "bonus amendment", providing for the immediate payment of the adjusted-service certificates, should have an hour in which to discuss it. I do not imagine there will be many speeches. I do not know.

Mr. McNARY. Mr. President, I have conferred with most of the Republican Members of the Senate, and I think they are entirely in favor of and in full accord with the proposal made by the Senator from Arkansas. I hope the Senator from Indiana may find it possible to conform his desires to the suggestion.

Mr. ROBINSON of Indiana. Mr. President, I note that the Senator from Oklahoma is now in the Chamber. I should like to have his attention, if I may. He was one of the leading advocates of the so-called "soldier-bonus legislation" proposed at the last session. I should like to ask the Senator whether he would be willing to accept the soldier-bonus amendment to his proposal. That would eliminate the necessity for any discussion.

Mr. THOMAS of Oklahoma. Mr. President, I was fighting the battles of the soldier boys at the last session when the Senator was silent.

Mr. ROBINSON of Indiana. I did not hear the Senator.

Mr. THOMAS of Oklahoma. I stated to the Senator that I was fighting for the soldiers at the last session when the Senator from Indiana was silent.

Mr. ROBINSON of Indiana. Not I, silent; surely!

Mr. THOMAS of Oklahoma. Now, the Senator comes in at this late date and asks me to accept an amendment to the pending amendment. Even though it be my own amendment, I must respectfully refuse.

Mr. ROBINSON of Indiana. Mr. President, I must respectfully deny the suggestion made with reference to me. If anyone ever fought for the soldiers' bonus, I supposed everybody knew that I did. I understand the Senator refuses to accept the amendment?

Mr. ROBINSON of Arkansas. Yes.

Mr. REED. Mr. President, reserving the right to object, the only speech of any length that I know of against the Thomas amendment, or for it, for that matter, is that which, I believe, is intended to be made tomorrow by the Senator from Ohio [Mr. FESS], who is necessarily absent at this moment. I believe that those who are interested in the amendment will all be satisfied with the limitation proposed by the Senator from Arkansas. But might I ask him to couple with it a statement that the Senator from Ohio [Mr. FESS] might be recognized when we meet tomorrow at 12 o'clock?

Mr. LONG. Mr. President, do I understand the Senator from Indiana to have objected, or not? Where do we stand on this matter?

Mr. ROBINSON of Indiana. Mr. President, unless we can have an hour, or 45 minutes, to discuss the bonus amendment, I shall have to object. I am willing to accept 45 minutes, and agree. In other words, if this amendment shall be excepted from the general provisions of the unanimous-consent agreement so that any Senator who may desire to discuss the bonus amendment may have 45 minutes, I am willing to agree to the unanimous-consent proposal. Otherwise I shall have to object.

Mr. ROBINSON of Arkansas. I cannot make an exception of any particular amendment. We have had the pending bill before the Senate for a very long time, and we have had the pending amendment, the so-called "inflation amendment" up for consideration for several days. Some days ago those who were opposed to the amendment indicated their belief that a vote could be reached today. The debate on that amendment is almost exhausted, as I view it. Now an amendment entirely foreign to that is proposed by the Senator from Indiana, and it is asked that such a limitation on debate be imposed as would probably carry this bill over into next week.

I say frankly that if we can dispose of this measure tomorrow and make satisfactory arrangements with respect to the unfinished business to follow it, I hope to have an adjournment or recess over the week-end so as to afford Senators an opportunity for the transaction of business in their offices. Every Senator is receiving a large volume of mail, and, considering the number of hours we are devoting to the work of the Senate, it is a practical impossibility to make response to the large number of communications that have been received. I had hoped that an agreement could be reached looking toward the conclusion of this measure probably tomorrow.

Mr. ROBINSON of Indiana. Mr. President, will the Senator from Arkansas permit me to make a suggestion?

Mr. ROBINSON of Arkansas. Of course, if the Senator from Indiana objects, he has complete power to do so.

Mr. ROBINSON of Indiana. I should like to suggest to the Senator from Arkansas that unless I change my mind between now and when the time comes to vote, I expect to vote for the inflation program; and I have been in sympathy with the Thomas amendment notwithstanding the unkind words hurled in my direction a moment ago. I am wondering if the Senator from Arkansas would be willing to agree to such a limitation as I shall now suggest, which would satisfy me, though I do not know if it would satisfy others who favor the bonus proposition. I suggest that we have 30 minutes on the bill and 15 minutes on the amendment.

Mr. ROBINSON of Arkansas. No; I cannot do that. I think that would prolong the debate unnecessarily.

Mr. THOMAS of Oklahoma rose.

Mr. ROBINSON of Arkansas. Just a moment, and then I will yield to the Senator from Oklahoma. It seems to me, with a 30-minute limitation, considering the fact that the subject matter of the amendment of the Senator from Indiana has been discussed from time to time continuously throughout the last 2 years, that that limitation ought to be satisfactory to him. Now I yield to the Senator from Oklahoma, if I have the floor.

Mr. THOMAS of Oklahoma. The suggestion is made that I have done the Senator from Indiana an unkind act. I am wondering if he considers that his effort to take my own bonus bill and offer it as an amendment to my own pending amendment was doing me a very kind act?

Mr. ROBINSON of Indiana. I thought it would be, because I am trying to pass two of the Senator's bills at the same time. [Laughter.]

Mr. THOMAS of Oklahoma. I shall be content to have one passed at this particular time.

Mr. ROBINSON of Arkansas. Of course, it is fair to say that many Members of the Senate who are giving support to the pending amendment of the Senator from Oklahoma, as is well known from the RECORD, are not in sympathy with the amendment to which the Senator from Indiana refers. I feel that the Senator from Indiana is exercising a very liberal imagination, if not a most comprehensive one, when he assumes to think that the Senator from Oklahoma could be expected, under present circumstances, to accept the bonus amendment as a provision of the so-called "inflation amendment."

Mr. ROBINSON of Indiana. Mr. President, will the Senator from Arkansas yield for a second?

Mr. ROBINSON of Arkansas. I yield.

Mr. ROBINSON of Indiana. I am thoroughly sincere in my very earnest desire to have the bonus amendment added to the inflation program, and I hope the Senator from Arkansas will believe me when I state that I am not trying to be dilatory in the slightest degree.

Mr. ROBINSON of Arkansas. I am not raising any question as to that.

Mr. ROBINSON of Indiana. I am anxious to have the inflation program go into effect at the earliest possible moment, because the country needs something that may help to relieve the unemployment situation. We have now thousands of our old soldiers who are in dire distress, especially

as the result of the so-called "economy legislation." I am anxious to have money made available, and if my proposed amendment should be adopted it would distribute the money where it is most needed, and the $2,000,000,000 would at once be circulated throughout the country.

Mr. ROBINSON of Arkansas. If the Senator will pardon me, I do not think, particularly in view of his failure to agree to a limitation of debate, that he should now under present circumstances exhaust his argument in favor of the bonus amendment. I think he ought, at least, to agree on a limitation before he avails himself of the opportunity to discuss the question.

Mr. STEIWER. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Arkansas. I yield to the Senator from Oregon.

Mr. STEIWER. Would the Senator from Arkansas consider substituting a different hour in his proposal? It occurs to me that possibly the Senator from Indiana would agree to the proposal if the hour were changed either to 3 or 4 o'clock. I am most anxious that we find a basis for agreement.

Mr. ROBINSON of Arkansas. Of course, if we do that we forego any prospect or hope of concluding this bill at any time tomorrow, even though we should arrange to stay here until midnight. If we carry the bill over the end of the week, as is possible under the rules and practices prevailing in the Senate, we must be compelled to begin holding night sessions. I have not asked Senators to come here at unusual hours and neither has the Senator from Oregon [Mr. McNARY], who has been very kind in cooperating in the effort to secure action; the suggestion I have made, in my judgment, is a fair and liberal one, and I hope the Senator from Indiana will agree to it.

Mr. FESS. Mr. President, a parliamentary inquiry.

Mr. ROBINSON of Arkansas. I yield to the Senator from Ohio.

Mr. FESS. I should like to know what the proposal is.

Mr. ROBINSON of Arkansas. I have asked unanimous consent—and we have discussed the request for some 30 minutes—that on tomorrow after the hour of 2 o'clock no Senator shall speak more than once or longer than 15 minutes on the bill or any amendment that may be pending or that may be offered thereto. That is the request I made, but I am having hard sailing with it.

The PRESIDING OFFICER. Is there objection to the request submitted by the Senator from Arkansas?

Mr. ROBINSON of Indiana. Mr. President, unless it can be arranged that we may have at least 40 minutes for anyone who wants to speak on the bonus amendment, I shall have to object.

The PRESIDING OFFICER. Objection is made by the Senator from Indiana.

Mr. ROBINSON of Arkansas. Mr. President, I shall be compelled to announce that it will be necessary to lengthen the hours of daily meeting of the Senate, and that tomorrow I shall expect that we meet at 11 o'clock and continue in session until a very late hour.

Mr. SMITH. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Arkansas. I yield to the Senator from South Carolina.

Mr. SMITH. It seems to me we are losing sight of the original intent of the pending legislation. It is known as "the farm relief bill." [Laughter.] It seems to me that if we are to keep faith with the farmers of the country, we ought to devote ourselves to bringing that relief. All Senators know that if any relief is to come to them from this bill the measure must be enacted in time to benefit them for this year's production.

The proposal now advanced to put still another trailer on this lengthening freight train is not fair to the farmers. We have absolutely proven to the farmers of the country that we do not consider them at all. Whenever a measure comes up here for their benefit, we branch off on some question of banking, some question involving the intricacies of currency, and lengthen the debate to prove our intellectual acumen and our knowledge of a subject that we do not know a thing about, and let the farmers go. [Laughter.]

I have sat here and listened to lengthy speeches. The leader of the majority has cooperated with me to try to bring about some conclusion of this measure, which is ostensibly for the benefit of the farmers, and here we are no nearer a conclusion than we were when it was first brought to the floor of the Senate. I do think that every Senator ought to consider whether his own pet schemes ought not to be subordinated to the necessities that are involved here.

I will admit that the inflation that is proposed may do the farmers more good, if properly carried out, than all the other elements in the so-called "farm relief bill"; I believe that an expansion of the currency will bring relief; but why we should bring in other extraneous matters and load up this bill and delay it is beyond my comprehension. If it is a farm bill, let us give the farmer relief; if it is for the bankers' relief, let us say so and settle down to be here until August.

Mr. ROBINSON of Arkansas. Mr. President, I am going to submit another and different request for unanimous consent. I ask unanimous consent that on tomorrow after the hour of 4 o'clock no Senator may speak more than once or longer than 15 minutes on the bill or any amendment that may be pending or that may be offered thereto.

Mr. LONG. Mr. President, I do not want to be in the position of objecting, but I wish to say that no fault can be found with the so-called "inflation element" for any time that has been taken up. I am for this proposed inflation. The administration did not decide to come out for inflation until a few days ago, and it took considerable talking to get the administration to see the light. I do not know whether or not we are going to go through with the first provision of the amendment providing for the $3,000,000,000 issue of Treasury notes. The Senator from Idaho [Mr. BORAH] does not think so.

I have looked over the amendment of the Senator from Indiana this evening, and, as one of the original inflationists, I think that I have the right to say that it is a great deal sounder than the first provision of the pending amendment; and I want to see the amendment of the Senator from Indiana considered, because I have some hope that the administration may see fit to take the amendment that has been offered.

I think the Senator from Oklahoma [Mr. THOMAS] is certainly within his rights, handling this measure as he is for the administration, in not accepting any amendment at this time. Of course, he has not had time to study it, and I can certainly see that the Senator from Oklahoma, who has led in the movement for inflationary and soldier relief, is consistent in not accepting it; but I hope that we will go ahead and dispose of the amendment of the Senator from Indiana, and I do not think he is asking too much.

I have heard, Mr. President—and I want the Senator from Arkansas to understand that what I am about to say has no reference to anybody in the Senate—that there have been a considerable number of New York conferences after midnight and before midnight around here, and that we are not going to get this inflation if we vote it in the bill. I am not casting any reflections on anybody, but I have heard a little bit more than I care to hear around here. The Senator from Pennsylvania [Mr. REED] is getting entirely too well satisfied to suit me. [Laughter.] So long as the Senator from Pennsylvania was "bucking at the bits", I knew there was hope, but when the Senator from Pennsylvania begins to urge speed I commence to wonder, and I want to look at this thing and to see just what it is all about.

I am going to urge all the speed possible, Mr. President, but I think the amendment of the Senator from Indiana is the only one that guarantees inflation. One great trouble is that the administration comes out for inflation after a good many of us have been fighting for it for a long time. We voted inflation on the Democratic side 23 to 44 before the President came out for it. I do not know how he is going to look on paying the soldiers, but I think we ought to take the amendment of the Senator from Indiana, because it not only pays them but it absolutely guarantees 2½ billion

dollars of inflation, and it does not depend upon the ipse dixit of the President whether it shall be had or not. It is a good amendment to this bill, and there are going to be a number of Senators when they consider it who are going to want to vote for the amendment, because we have got to pay the soldiers the money in 1945 anyway, and if we shall vote the money it will get out all over the country. There are 3,000,000 men who are going to get that money. We know that it has got to be done, in any event, at some time. I repeat, Mr. President, that I am getting very skeptical of the conferences being held with Wall Street men around here again. They tell us we are not going to get inflation. I understand that they are getting to be pretty well satisfied that even though we vote it, the people are not going to get it. The Senator from North Carolina [Mr. BAILEY] may have heard something like that. I hope he has not.

Mr. BAILEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from North Carolina?

Mr. ROBINSON of Arkansas. I yield.

Mr. BAILEY. I should not like by my silence to indicate that I have heard anything of that kind. I have not.

Mr. LONG. I did not understand the Senator. The Senator was smiling so that I was afraid he had knowledge that ought to be given to the Senate.

Mr. ROBINSON of Arkansas. Mr. President, I do not know what the Senator from Louisiana has heard or dreamed. [Laughter.] I had hoped that we could make an adjustment that would bring about a vote on the amendment which he apparently has concluded is essential to the bill. I do not understand that there is anyone here so poorly informed on the subject of the bonus that he must listen to a 2- or 3-hour speech or a 4-hour speech from any of his colleagues in order to form a conclusion as to what is right about the matter. There is no proposal here now, and none has been made that would prevent a fair expression of opinion touching the amendment to be proposed.

My proposition is in the interest of a fairly prompt determination of the issues involved in the bill. I have extended the hour for the limitation to go into effect at 4 o'clock in the belief that the Senator from Indiana [Mr. Robinson], as well as the Senator from Ohio [Mr. FESS], may, prior to the limitation taking effect, have an opportunity to exhaust their very great store of information on the pending subject. I say that in the belief that the Senator from Indiana will be willing to accept the suggestion which I have now made.

The PRESIDING OFFICER. Is there objection to the request submitted by the Senator from Arkansas?

Mr. ROBINSON of Indiana. Mr. President, it has been the custom in the past very largely, when we were endeavoring to arrange to hasten a vote, to limit debate to 30 minutes on the bill and 15 minutes on any amendment. I think time will be saved by doing that now. I will cheerfully agree to such a proposal as that. At the most, that would only give a Senator 45 minutes altogether to discuss the bonus amendment—15 minutes on the amendment and 30 minutes on the bill.

Mr. NORRIS. Mr. President, I should like to make an inquiry of the Senator from Indiana. If the proposal were so worded as the Senator from Indiana has just suggested, would the Senator from Indiana be willing to have the agreement go into effect upon the convening of the Senate tomorrow?

Mr. ROBINSON of Indiana. Of course I would.

Mr. ROBINSON of Arkansas. The difficulty about that is that other Senators will not agree to it.

Mr. LONG. Oh, yes, they will.

Mr. ROBINSON of Arkansas. I happen to be informed to the contrary. However, I will submit the request that after the Senate convenes tomorrow no Senator shall speak more than once or longer than 15 minutes on any amendment or motion that may be pending or that may be offered, nor longer than 30 minutes on the bill.

The PRESIDING OFFICER. Is there objection?

Mr. REED. Mr. President, if the Senator will make that 2 o'clock I shall be glad to agree.

Mr. ROBINSON of Arkansas. I thought so!

Mr. BARKLEY. Mr. President, why should there be any exception in favor of any particular Senator? Many Senators have been waiting to be heard.

Mr. FESS. I object.

Mr. ROBINSON of Arkansas. Of course, I was informed in advance that the objection would be made. I have no alternative except to repeat the suggestion that I last made and which was not formally objected to. I again ask unanimous consent that after the hour of 4 o'clock tomorrow no Senator shall speak more than once or longer than 15 minutes on any amendment or motion that may be pending or that may be offered, or on the bill. I ask that the request be submitted to the Senate.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas?

Mr. BAILEY. Mr. President, I should like to be heard on that just a moment. I do not like to refuse a unanimous-consent request; I never have done so; but we have had notice from the author of one amendment here that it is the most important proposition since the fall of Adam, if we take his word for it. If it is, I do not see why it should be rushed through in such a great hurry.

The other observation is that the bill takes from the Congress practically the last vestige of its power and transfers it to the President. I think we ought to go about that deliberately and carefully and slowly and in the fear of God. In the matter of transferring to the President the powers which the people of North Carolina gave me, as a Senator, as a sacred and express trust, I would rather go about it very deliberately and take the remainder of the week, and longer if necessary, in order that each one of us may fully realize the import of the action taken. I do not want to object, but I suggest to our leader that we will lose nothing by taking our time.

Mr. ROBINSON of Arkansas. Does the Senator object?

Mr. BAILEY. I was making an appeal to the Senator from Arkansas rather than an objection. I hope I may be heard tomorrow. I have never delayed legislation. I have been heard at some length in one speech, but I am rather urging the Senator from Arkansas that in a matter so important we will lose nothing by taking plenty of time.

Mr. ROBINSON of Arkansas. I have presented my request and should like to have it determined. If the Senator from North Carolina is going to object, of course, that is his privilege.

Mr. BAILEY. I shall not object. I have made my statement.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas?

Mr. ROBINSON of Indiana. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. ROBINSON of Arkansas. Very well, Mr. President; I call for the regular order.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Montana [Mr. WHEELER] to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. REED. Let us have the yeas and nays.

Mr. SMITH. Mr. President, let us have the amendment read.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The CHIEF CLERK. It is proposed by the Senator from Montana [Mr. WHEELER], for himself and the Senator from Utah [Mr. KING], to amend the amendment of the Senator from Oklahoma [Mr. THOMAS], on page 4, by striking out the words beginning with "By proclamation" in line 20 down to and including the words "foreign currencies" in line 24, and inserting in lieu thereof the following:

By proclamation to fix the weight of the gold dollar in grains nine tenths fine and also to fix the weight of the silver dollar in grains nine tenths fine at a definite fixed ratio in relation to the gold dollar at such amounts as he finds necessary from his inves-

tigation to stabilize domestic prices or to protect the foreign commerce against the adverse effect of depreciated foreign currencies, and to provide for the unlimited coinage of such gold and silver at the ratio so fixed.

Mr. TYDINGS. Mr. President, I should like to inquire what question is pending before the Senate.

The PRESIDING OFFICER. The amendment just read by the clerk.

Mr. TYDINGS. What became of that part of the bill to which the Filipino amendment was applicable?

The PRESIDING OFFICER. The present occupant of the chair is advised that when the Senator from Maryland offered his amendment it proved not to be in order, and he agreed to withhold it. The amendment just read is the pending amendment.

Mr. TYDINGS. May I ask the present occupant of the chair when my amendment will be in order?

The PRESIDING OFFICER. When the pending amendment is disposed of.

Mr. REED. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Dieterich	Lonergan	Shipstead
Bachman	Duffy	Long	Smith
Bailey	Erickson	McCarran	Steiwer
Bankhead	Fess	McGill	Stephens
Barbour	Fletcher	McNary	Thomas, Okla.
Barkley	George	Metcalf	Thomas, Utah
Bratton	Goldsborough	Murphy	Townsend
Brown	Gore	Neely	Trammell
Bulkley	Harrison	Norris	Tydings
Bulow	Hastings	Nye	Vandenberg
Byrnes	Hatfield	Overton	Van Nuys
Capper	Hayden	Pope	Wagner
Carey	Hebert	Reed	Walcott
Connally	Kean	Reynolds	Wheeler
Copeland	Kendrick	Robinson, Ark.	White
Couzens	Keyes	Robinson, Ind.	
Cutting	King	Russell	
Dickinson	Logan	Sheppard	

The PRESIDING OFFICER. Sixty-nine Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Montana [Mr. WHEELER] to the amendment of the Senator from Oklahoma [Mr. THOMAS.]

Mr. REED, Mr. LONG, and other Senators called for the yeas and nays, and they were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent on account of illness. I transfer that pair to the junior Senator from Arkansas [Mrs. CARAWAY], and will vote. I vote "yea."

Mr. TOWNSEND (when his name was called). On this question I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is unavoidably detained from the Senate. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. WAGNER. Upon this question I am advised that my general pair, the Senator from Missouri [Mr. PATTERSON], would vote "nay", and that he is specially paired on this question with the Senator from Colorado [Mr. COSTIGAN], who, if present, would vote "yea." I am therefore at liberty to vote, and vote "nay."

Mr. KENDRICK. I desire to announce that the Senator from Arizona [Mr. ASHURST] and the Senator from Illinois [Mr. LEWIS] are necessarily detained from the Senate on official business.

I also desire to announce the following special pairs on this question:

The senior Senator from Virginia [Mr. GLASS] with the junior Senator from Washington [Mr. BONE]; and

The junior Senator from Vermont [Mr. AUSTIN] with the senior Senator from Washington [Mr. DILL].

The senior Senator from Virginia, if present, would vote "nay" on this amendment, and the junior Senator from Washington would vote "yea."

The junior Senator from Vermont, if present, would vote "nay" on the amendment, and the senior Senator from Washington would vote "yea."

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Wisconsin [Mr. LA FOLLETTE] with the Senator from Virginia [Mr. BYRD];

The Senator from Maine [Mr. HALE] with the Senator from Alabama [Mr. BLACK];

The Senator from Vermont [Mr. DALE] with the Senator from California [Mr. MCADOO];

The Senator from North Dakota [Mr. FRAZIER] with the Senator from Massachusetts [Mr. WALSH]; and

The Senator from California [Mr. JOHNSON] with the Senator from Massachusetts [Mr. COOLIDGE].

I also desire to announce the following special pair on this amendment:

The Senator from Minnesota [Mr. SCHALL] with the Senator from Nevada [Mr. PITTMAN]; and

If present, the Senator from Minnesota [Mr. SCHALL] and the Senator from Vermont [Mr. DALE] would vote "nay", and the Senator from Nevada [Mr. PITTMAN] would vote "yea."

I am informed that the Senator from Maine [Mr. HALE], if present, would vote "nay", and that the Senator from Alabama [Mr. BLACK] would vote "yea."

The result was announced—yeas 41, nays 26, as follows:

YEAS—41

Adams	Duffy	McCarran	Sheppard
Bachman	Erickson	McGill	Shipstead
Bankhead	Fletcher	Murphy	Smith
Bratton	George	Neely	Thomas, Okla.
Brown	Harrison	Norris	Thomas, Utah
Bulow	Hayden	Nye	Trammell
Byrnes	Kendrick	Overton	Van Nuys
Capper	King	Pope	Wheeler
Connally	Logan	Reynolds	
Cutting	Lonergan	Robinson, Ark.	
Dieterich	Long	Russell	

NAYS—26

Bailey	Fess	Keyes	Tydings
Barbour	Goldsborough	McNary	Vandenberg
Bulkley	Gore	Metcalf	Wagner
Carey	Hastings	Reed	Walcott
Copeland	Hatfield	Robinson, Ind.	White
Couzens	Hebert	Steiwer	
Dickinson	Kean	Stephens	

NOT VOTING—28

Ashurst	Caraway	Frazier	McKellar
Austin	Clark	Glass	Norbeck
Barkley	Coolidge	Hale	Patterson
Black	Costigan	Johnson	Pittman
Bone	Dale	La Follette	Schall
Borah	Davis	Lewis	Townsend
Byrd	Dill	McAdoo	Walsh

So Mr. WHEELER's amendment to the amendment of Mr. THOMAS of Oklahoma was agreed to.

Mr. CLARK subsequently said: Mr. President, I was temporarily called out of the Chamber, and did not get back in time to vote on the Wheeler amendment. I ask unanimous consent that my vote may be recorded in the affirmative on that amendment.

Mr. REED. I object to that, Mr. President.

The PRESIDING OFFICER. Objection is heard.

Mr. CLARK. Mr. President, I simply desire to state for the RECORD that if I had been present I would have voted for the Wheeler amendment.

The PRESIDING OFFICER. The Senator may make that statement in the RECORD. It is against the rule, as the Chair understands, for a vote to be entered after the result has actually been announced.

Mr. REED. Mr. President, I desire to make a motion by way of an amendment. On page 5, commencing on line 1, I move to strike out all down to and including line 18, including any amendments that may have been made to the first 18 lines.

Mr. SMITH. On what page?

Mr. REED. On page 5. It is the section providing for diminishing the gold content of the dollar.

Mr. ROBINSON of Arkansas. Is the Senator ready for a vote on his amendment now?

Mr. REED. I desire to speak briefly on it, not more than 5 minutes; and then I understand that the Senator from Ohio [Mr. FESS] desires to speak more at length. I suggest that we can finish that in the morning, if that is satisfactory to the Senator.

Mr. ROBINSON of Arkansas. Mr. President, I have been admonished by some Senators that it would now be practicable to get an agreement limiting debate. I submit again one of the propositions made a few moments ago, to which objection was then registered, under the assurance that the objection will not again be made.

I ask unanimous consent that on tomorrow, after the hour of 2 o'clock, no Senator shall speak more than once or longer than 15 minutes on the bill, or any amendment or motion that may be pending, or that may be offered.

Mr. HATFIELD. That will be 30 minutes in all, Mr. President?

Mr. ROBINSON of Arkansas. Yes.

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement submitted by the Senator from Arkansas? The Chair hears none, and the unanimous-consent agreement is entered into.

The question is on the amendment offered by the Senator from Pennsylvania [Mr. REED] to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. ROBINSON of Arkansas. Mr. President, I understand that the Senator from Pennsylvania desires to speak on his amendment, and that the Senator from Ohio desires to discuss it at length.

Mr. REED. Mr. President, if I may be recognized, I shall be glad to yield to the Senator from Arkansas to move to take a recess until noon tomorrow, or to have the Senate go into executive session.

Mr. ROBINSON of Arkansas. Mr. President, I am perfectly willing to go on with the bill; but I think no time would be saved, in view of the limitation that has been imposed.

Mr. REED obtained the floor.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President——

Mr. REED. I am glad to yield to the Senator from Arkansas for a motion to go into executive session.

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

The PRESIDING OFFICER. Reports of committees are in order. If there be no reports of committees, the calendar is in order.

The legislative clerk proceeded to read Executive C (72d Cong., 2d sess.), a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932.

Mr. REED. I ask that the treaty go over.

The PRESIDING OFFICER. The treaty will go over.

DEPARTMENT OF THE NAVY

The legislative clerk read the nomination of Ernest J. King to be Chief, Bureau of Aeronautics, with rank of rear admiral.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Without objection, the President will be notified.

Mr. COUZENS. Mr. President, I object to the President being notified.

Mr. TRAMMELL. Mr. President, that is agreeable to me. I have noticed, however, that in at least half the cases of confirmations at this session of Congress the President has been notified immediately on confirmation. I think the rule of the Senate that confirmations be carried over is a good one.

The PRESIDING OFFICER. That completes the calendar.

The Senate resumed legislative session.

RECESS

Mr. SMITH. Mr. President, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 50 minutes p.m.) the Senate took a recess until tomorrow, Thursday, April 27, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 26 (legislative day of Apr. 17), 1933

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Laurence A. Steinhardt, of New York, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Sweden.

SECRETARIES IN THE DIPLOMATIC SERVICE

James S. Moose, Jr., of Arkansas, now a Foreign Service officer, unclassified, and a vice consul of career, to be also a secretary in the Diplomatic Service of the United States of America.

Cavendish W. Cannon, of Utah, now a Foreign Service officer, unclassified, and a vice consul of career, to be also a secretary in the Diplomatic Service of the United States of America.

DIRECTOR OF THE MINT

Nellie Tayloe Ross, of Wyoming, to be Director of the Mint, in place of Robert J. Grant, resigned.

SOLICITOR OF LABOR

Charles Wyzanski, Jr., of Massachusetts, to be Solicitor of Labor, to succeed Theodore G. Risley.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO ADJUTANT GENERAL'S DEPARTMENT

Capt. Thomas Jefferson Davis, Infantry (detailed in Adjutant General's Department), with rank from November 1, 1930.

PROMOTIONS IN THE REGULAR ARMY

To be lieutenant colonel

Maj. Frederick Almyron Prince, Field Artillery, from April 18, 1933.

To be major

Capt. Russell Gilbert Barkalow, Field Artillery, from April 18, 1933.

To be captains

First Lt. Arthur Lee Shreve, Field Artillery, from April 16, 1933.

First Lt. George Raymond Connor, Infantry, from April 18, 1933.

To be first lieutenants

Second Lt. Harry Forrest Townsend, Coast Artillery Corps, from April 16, 1933.

Second Lt. Francis Scoon Gardner, Field Artillery, from April 18, 1933.

REAPPOINTMENT IN THE OFFICERS' RESERVE CORPS OF THE ARMY

GENERAL OFFICER

To be brigadier general, Ordnance Department Reserve

Brig. Gen. John Ross Delafield, Ordnance Department Reserve, from October 25, 1933.

CONFIRMATION

Executive nomination confirmed by the Senate April 26 (legislative day of Apr. 17), 1933

PROMOTION IN THE NAVY

Ernest J. King to be Chief, Bureau of Aeronautics, with rank of rear admiral.

HOUSE OF REPRESENTATIVES

WEDNESDAY, APRIL 26, 1933

The House met at 12 o'clock noon.

Rev. Vernon Norwood Ridgeley, D.D., pastor of Calvary Methodist Episcopal Church, Washington, D.C., offered the following prayer:

Let us pray. Almighty God, our Heavenly Father, be gracious unto us and hear us while we pray. Accept our thanks for the manifold blessings which Thou hast bestowed upon us and keep us from forgetting our dependence upon Thee. Forgive us our feverish ways, be merciful unto us, and pardon us when we go astray. In the hour of temptation strengthen us. In the time of uncertainty hasten to our aid and lead us by Thy spirit into the way of truth and righteousness. When the burdens of life press upon us sustain us by Thy grace and help us to minister to the needs of Thy children. Bless every act that has for its objective the welfare of mankind. Incline our hearts to do Thy will and obey Thy laws. Guard our homes; protect them from disease and evil. We ask it in the name of the Father, the Son, and the Holy Spirit. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 4225. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania; and

H.R. 4332. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at a point near the Forest-Venango county line, in Tionesta Township, and in the county of Forest, and in the Commonwealth of Pennsylvania.

ST. LAWRENCE WATERWAY

Mr. CHRISTIANSON. I ask unanimous consent to extend remarks in the RECORD.

Mr. SPEAKER. Is there objection?

There was no objection.

Mr. CHRISTIANSON. Mr. Speaker, as a Representative from Minnesota, I hope that this resolution will be adopted. In passing upon the question whether the treaty with Canada for the construction of the St. Lawrence seaway shall be ratified, the Members of the Senate should have the opportunity to know what proportion of the cost will fall upon the Government of the United States. The cost to the Federal Government of the seaway as a navigation project will depend upon how much and what proportion of the total cost will be borne by the State of New York on account of the power its power authority will develop. Without that knowledge, without knowing whether the net cost to this Government for work in the international section of the St. Lawrence River shall be $137,000,000 or $47,000,000, the Senate cannot act intelligently and prudently.

Those who have spoken in opposition to this resolution have seen fit to go outside the issue here involved and have made lengthy arguments against the project itself. We from the Middle West welcome this discussion, for we believe in the St. Lawrence seaway and are willing to accept every opportunity to present the case in its behalf.

The opposition has been singularly inconsistent. In one breath our opponents have argued that the development of the St. Lawrence would be a wasteful expenditure of money because the river will not carry much commerce in any event; in the next breath they have expressed grave fears that the diversion of traffic to the new route would spell ruin to the ports of the Atlantic seaboard. Our opponents should hold a council and agree on their strategy.

They have told us that the project should not be considered further until an official economic survey has been made, ignoring the fact that at least 3 such surveys have already been conducted, 1 by the International Joint Commission, 1 by the Department of Commerce, and 1 by the St. Lawrence Commission of the United States. Each of these surveys has resulted in unqualified endorsement of the project.

Our opponents have said that 90 percent of the St. Lawrence system lies wholly within Canada and that the United States should not spend its money to develop it for navigation. The truth is that the distance from the head of the Lakes to Father Point is 1,676 miles, of which 1,270 miles, or 76 percent, is international water.

They have said that 98 percent of the ocean-going ships that would carry grain over the proposed seaway would be foreign bottoms. I do not know, nor do our opponents, what the percentage of foreign-owned ships would be. It would be the same as in every other ocean port through which American grain now passes. We have not been hearing objections to Federal appropriations for harbor improvements on the ground that foreign ships use the harbors.

They have said that 80 percent of the water power capable of development would be Canadian. We get our half of the power developed in international waters and pay one half of the cost. We pay not one dollar to develop power in Canadian waters.

They say that the proposed waterway could be operated only 7 months each year. Again they are inaccurate. Government observations carried on for over 20 years have shown that the Great Lakes and the St. Lawrence are open for navigation an average of 233 days a year.

They have stated that the cost of the project would be more than double the estimates. Government engineers testifying before the subcommittee of the Foreign Relations Committee of the Senate testified that the cost under present conditions would be about 60 percent of the estimates.

They have said that under the pending treaty the United States would surrender Lake Michigan and make it an international lake. Our opponents do not distinguish between navigational and proprietary rights. We get the same navigational rights in the Canadian part of the St. Lawrence as the Canadians get in Lake Michigan. If the concessions do not balance, they are decidedly favorable to the United States.

Our opponents say that the pending treaty does not provide sufficient water diversion for the Chicago Drainage Canal or for the Mississippi River Channel. Adequate diversion with 50-percent over-age is provided for navigation. This Government is under no obligation to furnish Chicago with sewage-disposal facilities. These she should provide for her own citizens as every other great city is doing. Of course Canada and the United States have the responsibility of maintaining a water level in the Great Lakes adequate for the needs of transportation. Accordingly, they have limited water diversion, but the limitation applies to Georgian Bay on the other side as well as to Lake Michigan on ours.

It has been said that the western farmer cannot be saved 8 cents a bushel on grain transportation, because the total cost from Duluth to Montreal is only 4½ cents. This overlooks the fact that the present rates are abnormal, owing to the great number of bottoms which during the depression are willing to accept wheat as ballast. It should also be remembered that if ships bound for Liverpool could be loaded at Duluth and Chicago, the cost of reloading at Montreal would be eliminated.

Then it is said that the cost of developing the power generated would be so great that it could not compete with electricity developed by private power companies. This does not require any answer beyond the statement that the New York Power Authority is asking for the passage of the pending resolution.

It is argued that this project would not furnish employment to many men and, therefore, should give way to other projects which would require the use of more labor. General Brown, Chief Engineer for this Government, has stated that the contrary is true.

Finally, it is said that the Department of Commerce stated in 1926 that no attempt has been made to determine the amount of traffic which would move over the proposed route and the total amount of saving that would result. The Department stated specifically that there were 26,000,000 tons ready to move. The potential tonnage capable of development is, of course, not capable of ascertainment. One would be foolish to attempt to predict how much tonnage will pass through the Boston or New York Harbor 10 years hence. In these days, when developments come quickly, prophecy is a hazardous occupation.

The Middle West, as a land-locked region, demands this access to the oceans. It is determined no longer to tolerate isolation. We have contributed for many decades to build harbors and improve waterways elsewhere. Our turn has come, and we hope that that sense of fairness and cooperation which alone makes the existence of this Federal Union possible will prompt the representatives of other States and sections to help us realize our legitimate aspirations.

Mr. SNELL and Mr. RAYBURN rose.

Mr. SNELL. Mr. Speaker, at the appropriate time I desire to be recognized against the motion to recommit. This is the unfinished business before the House.

Mr. RAYBURN. Mr. Speaker, I move the previous question.

Mr. SNELL. Mr. Speaker, I am on my feet demanding recognition. The previous question has not been ordered.

Mr. O'CONNOR. Mr. Speaker, I certainly shall object to the establishment of any precedent of debating motions to recommit.

Mr. SNELL. This is not a precedent. Motion to close debate by ordering the previous question has not been made. This is the unfinished business before the House.

Mr. RAYBURN. Mr. Speaker, I move the previous question. I think I have the right to make this motion.

The SPEAKER. The question is on ordering the previous question on the motion to recommit.

Mr. RICH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RICH. Mr. Speaker, is it proper procedure, when one Member has obtained recognition, for another Member to be recognized? The gentleman from New York [Mr. SNELL] had the floor and was recognized.

The SPEAKER. The Chair recognized the gentleman from New York to ascertain for what purpose he rose.

Mr. RICH. Is it proper procedure for the Chair now to recognize the gentleman from Texas?

The SPEAKER. The question is on the motion to recommit.

The previous question was ordered.

Mr. PARKER of New York. Mr. Speaker, I ask unanimous consent that the gentleman from Texas may have 5 minutes and that I may have 5 minutes, in which to discuss my motion to recommit. Very few Members were in the House when the motion was submitted yesterday. Very few of the Members understand the motion. I think it no more than fair that this request be granted.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, and I do not direct my remarks at the gentleman from New York or this particular motion, but I do believe it is very bad practice to start debating motions to recommit. This matter is supposed to be called to the attention of the House, or the committee, in the course of general debate. The gentleman had the opportunity to state to the House that he was going to move to recommit, and also to state the nature of his motion.

I feel compelled to preserve the customary practice of the House.

Mr. Speaker, I object to any debate on the motion to recommit.

Mr. PARKER of New York. Mr. Speaker, will the gentleman withhold his objection for a moment?

Mr. O'CONNOR. I will withhold it, but not for debate.

Mr. PARKER of New York. The gentleman knows as well as I that but few Members were in the House when this motion was made. I doubt if there are 20 men in the House who know what the motion is.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. COCHRAN of Missouri. Is not the motion to recommit simply an expression of the House of Representatives that a vote in favor of the motion to recommit does not mean a vote for or against ratification of the treaty?

Mr. BYRNS. Mr. Speaker, I demand the regular order.

Mr. O'CONNOR. Mr. Speaker, I object.

Mr. PARKER of New York. Mr. Speaker, I ask unanimous consent that the Clerk read the motion to recommit so the House at least may know the substance of the motion. So that the House may at least know——

Mr. BYRNS. Mr. Speaker, I object to any further discussion of this proposition. The regular order has been demanded, and it seems to me we ought to have it.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read as follows:

Mr. PARKER of New York moves to recommit the resolution to the Committee on Interstate and Foreign Commerce with instructions to that committee to report the same back to the House forthwith with the following amendment:

"At the end of the resolution insert '*Provided*, That the passage of this resolution shall be in no way construed as an expression of the attitude of the House as to the merits of the proposed treaty between the United States and Canada.'"

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. PARKER of New York) there were—ayes 60, noes 86.

Mr. PARKER of New York. Mr. Speaker, I object to the vote on the ground that there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and ninety-four Members present, not a quorum. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 171, nays 224, answered "present" 1, not voting 35, as follows:

[Roll No. 23]

YEAS—171

Adair	Cochran, Pa.	Focht	Larrabee
Allen	Cole	Foss	Lehlbach
Andrew, Mass.	Colmer	Gillespie	Lesinski
Andrews, N.Y.	Condon	Gillette	Lewis, Md.
Arnold	Connery	Glover	Luce
Bacharach	Connolly	Goldsborough	Ludlow
Bacon	Crowther	Goodwin	McCormack
Bailey	Darden	Goss	McDuffie
Bakewell	Darrow	Granfield	McFadden
Beam	Dear	Griswold	McLean
Beedy	Deen	Hancock, N.Y.	Major
Beiter	De Priest	Harlan	Maloney, Conn.
Biermann	DeRouen	Hartley	Maloney, La.
Bland	Dickinson	Healey	Marshall
Boehne	Dirksen	Hess	Martin, Mass.
Bolton	Ditter	Higgins	Martin, Oreg.
Brennan	Dobbins	Hollister	Mead
Britten	Dockweiler	Holmes	Meeks
Brumm	Douglass	Jacobsen	Merritt
Bulwinkle	Doutrich	Jenkins	Millard
Burch	Drewry	Keller	Miller
Busby	Duncan, Mo.	Kelly, Ill.	Mitchell
Caldwell	Edmonds	Kelly, Pa.	Montet
Cannon, Mo.	Eicher	Kemp	Moran
Castellow	Ellzey, Miss.	Kinzer	Morehead
Cavicchia	Farley	Kocialkowski	Moynihan
Claiborne	Fernandez	Kopplemann	Muldowney
Clarke, N.Y.	Fish	Kurtz	Murdock
Cochran, Mo.	Flannagan	Lamneck	Nesbit

O'Brien	Rogers, Mass.	Stokes	Wadsworth
Parker, Ga.	Romjue	Strong, Pa.	Watson
Parker, N.Y.	Sabath	Strong, Tex.	Weideman
Parsons	Sandlin	Sutphin	Werner
Pettengill	Schaefer	Swick	Whitley
Polk	Schuetz	Taber	Wigglesworth
Powers	Schulte	Tarver	Williams
Randolph	Scrugham	Taylor, S.C.	Wilson
Ransley	Secrest	Thompson, Ill.	Wolcott
Reece	Seger	Tinkham	Wolfenden
Reed, N.Y.	Simpson	Tobey	Wolverton
Reid, Ill.	Smith, Va.	Treadway	Wood, Ga.
Rich	Smith, W.Va.	Turpin	Woodrum
Robertson	Stalker	Utterback	

NAYS—224

Abernethy	Dies	Johnson, W.Va.	Ragon
Adams	Dingell	Jones	Ramsay
Allgood	Disney	Kahn	Ramspeck
Arens	Dondero	Kee	Rankin
Auf der Heide	Doughton	Kennedy, Md.	Rayburn
Ayers, Mont.	Dowell	Kenney	Reilly
Ayres, Kans.	Doxey	Kerr	Richards
Berlin	Driver	Kleberg	Richardson
Black	Duffey	Kloeb	Rogers, N.H.
Blanchard	Dunn	Kniffin	Rogers, Okla.
Bloom	Durgan, Ind.	Knutson	Sadowski
Bolleau	Eagle	Kramer	Sanders
Boland	Eaton	Kvale	Sears
Boylan	Eltse, Calif.	Lambertson	Shallenberger
Briggs	Evans	Lambeth	Shannon
Brooks	Faddis	Lanham	Shoemaker
Brown, Ky.	Fitzpatrick	Lanzetta	Sinclair
Brown, Mich.	Fletcher	Lee, Mo.	Sirovich
Brunner	Ford	Lehr	Sisson
Buchanan	Frear	Lemke	Smith, Wash.
Buck	Fuller	Lewis, Colo.	Snell
Burke, Nebr.	Fulmer	Lloyd	Snyder
Burnham	Gasque	Lozier	Somers, N.Y.
Byrns	Gavagan	Lundeen	Spence
Cady	Gibson	McCarthy	Steagall
Carden	Gilchrist	McClintic	Stubbs
Carley	Gray	McFarlane	Studley
Carpenter, Kans.	Green	McGrath	Sumners, Tex.
Carpenter, Nebr.	Greenwood	McGugin	Swank
Carter, Calif.	Gregory	McKeown	Sweeney
Carter, Wyo.	Griffin	McMillan	Taylor, Colo.
Cartwright	Guyer	McReynolds	Thom
Cary	Haines	McSwain	Thomason, Tex.
Celler	Hamilton	Mansfield	Thurston
Chapman	Hancock, N.C.	Mapes	Traeger
Chase	Hart	Marland	Truax
Chavez	Harter	Martin, Colo.	Turner
Christianson	Hastings	May	Umstead
Church	Henney	Milligan	Underwood
Clark, N.C.	Hildebrandt	Monaghan	Vinson, Ga.
Coffin	Hill, Ala.	Mott	Vinson, Ky.
Colden	Hill, Knute	Musselwhite	Wallgren
Collins, Calif.	Hill, Sam B.	Norton	Walter
Collins, Miss.	Holdale	O'Connell	Wearin
Cooper, Ohio	Hooper	O'Connor	Weaver
Cooper, Tenn.	Hope	O'Malley	Welch
Cravens	Howard	Oliver, Ala.	West
Crosby	Huddleston	Owen	White
Cross	Hughes	Palmisano	Whittington
Crosser	Imhoff	Parks	Wilcox
Crowe	James	Patman	Williford
Crump	Jeffers	Peavey	Withrow
Culkin	Jenckes	Peterson	Wood, Mo.
Cullen	Johnson, Minn.	Peyser	Woodruff
Cummings	Johnson, Okla.	Pierce	Young
Delaney	Johnson, Tex.	Pou	Zioncheck

ANSWERED "PRESENT"—1

Ruffin

NOT VOTING—35

Almon	Corning	Hoeppel	Prall
Bankhead	Cox	Hornor	Robinson
Beck	Dickstein	Kennedy, N.Y.	Rudd
Blanton	Englebright	Lea, Calif.	Sullivan
Brand	Fiesinger	Lindsay	Taylor, Tenn.
Browning	Fitzgibbons	McLeod	Terrell
Buckbee	Foulkes	Montague	Waldron
Burke, Calif.	Gambrill	Oliver, N.Y.	Warren
Cannon, Wis.	Gifford	Perkins	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Waldron (for) with Mr. Warren (against).
Mr. Beck (for) with Mr. McLeod (against).
Mr. Taylor of Tennessee (for) with Mr. Oliver of New York (against).
Mr. Corning (for) with Mr. Rudd (against).
Mr. Buckbee (for) with Mr. Englebright (against).

Until further notice:

Mr. Blanton with Mr. Gifford.
Mr. Bankhead with Mr. Perkins.
Mr. Lindsay with Mr. Foulkes.
Mr. Almon with Mr. Terrell.
Mr. Browning with Mr. Robinson.
Mr. Dickstein with Mr. Cannon of Wisconsin.
Mr. Fiesinger with Mr. Hoeppel.
Mr. Kennedy of New York with Mr. Lea of California.
Mr. Prall with Mr. Hornor.
Mr. Sullivan with Mr. Burke of California.
Mr. Gambrill with Mr. Brand.
Mr. Cox with Mr. Montague.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the Speaker announced that the ayes seemed to have it.

Mr. SABATH and Mr. BRITTEN demanded the yeas and nays.

The yeas and nays were refused.

Mr. BRITTEN. Mr. Speaker, I demand tellers.

Tellers were refused.

So the bill was passed.

On motion of Mr. RAYBURN, a motion to reconsider the vote by which the bill was passed was laid on the table.

EXEMPTION OF PARENTS OF CITIZENS OF THE UNITED STATES FROM THE QUOTA

Mr. DIES. Mr. Speaker, I ask unanimous consent to file minority views on the bill (H.R. 3519) to exempt from the quota parents of citizens of the United States, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

SALARIES OF THE FEDERAL JUDICIARY

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Mr. Speaker, when Congress, somewhat over a year ago, set about to reduce Federal expenditures to try to balance the Federal Budget, a number of economies were invoked by way of cutting out Government activities and, particularly, in the matter of reducing the salaries paid Government employees and officials.

In the last Congress the so-called "economy bill" made a flat reduction of 8⅓ percent in the salaries of all Government employees. The salaries of Members of Congress were reduced 10 percent. Other activities were curtailed. A gigantic movement was started to balance the Federal Budget in the interest of reestablishing the credit of the Government.

Again this year drastic economies have been put into effect. Under authority granted the President, a reduction of 15 percent has been made in the salaries of all Federal employees, including Members of the House, the Senate, and the Cabinet. Veterans' benefits and pensions and hospitalization privileges have been cut to the core. Though protected by the Constitution, President Hoover and President Roosevelt, voluntarily, and in the spirit of the Economy Act, returned to the Treasury proportionate parts of their salaries. Every person in the Federal establishment has made his contribution to the reestablishment of an economic condition of safety in this country except one class of Government employees, and this class is the Federal judiciary.

In the economy bill Congress included a very polite invitation to these gentlemen to contribute voluntarily their proportionate part of their salaries to meet the situation.

Section 7 of the Economy Act of 1933 is as follows:

> In any case in which the application of the provisions of this title to any person would result in a diminution of compensation prohibited by the Constitution, the Secretary of the Treasury is authorized to accept from such person, and cover into the Treasury as miscellaneous receipts, remittance of such part of the compensation of such person as would not be paid to him if such diminution of compensation were not prohibited.

Notwithstanding this invitation to the judiciary, to date the impressive sum of $716 has been turned back into the Treasury by members of the Federal judiciary. One circuit judge sent two checks of $125—one dated September 1, 1932, and the other dated September 13, 1932. Having thus apparently eased his conscience he forgot about the matter in the future. Another Federal judge on September 10,

1932, sent a check for $83.33 and on October 7, 1932, a similar check and felt he had discharged his duty in the emergency and forgot remittances in the future. Another Federal judge on December 17, 1932, sent to the Treasury a check for $200 and on February 7, 1933, a check for $100, and no further remittances have come from this member of the judiciary, making a total of $716.66. Yet a fourth Federal judge has recently written to the Treasury Department he feels that he should contribute 15 percent of his salary to the Federal Treasury.

No other member of this favored and protected group of employees has exhibited the slightest concern in the sad plight of the public purse.

Mr. PETTENGILL. Will the gentleman state the number of Federal judges?

Mr. WOODRUM. Yes.

Mr. CELLER. If the gentleman will permit, I think the names of those judges ought to be put in the RECORD.

Mr. WOODRUM. There are 151 Federal district judges, whose salaries are $10,000. There are 40 United States circuit judges, whose salaries are $12,500. There are 9 members of the Supreme Court. The Chief Justice gets $20,500 and the Associate Justices $20,000 each.

All of these gentlemen are appointed for life. They do not have to toss upon weary pillows of political uncertainty, nor do they have to look forward with dread to that day when a fickle constituency will retire them back to the humble walks of life and they have to look the poorhouse straight in the eye, because a generous Government has provided that when retirement time comes, at 70 years of age, they are to be retired, if you please, at full pay.

Mr. Speaker, when a Federal judge walks up the marble steps to his office in the morning, the janitor who salutes him at the doorstep, the Federal attorneys who appear before him, and every officer and employee of his court, including the charwoman, whose gnarled hands and bent form have cleaned the cuspidors in his office, are making regularly out of the little pittance the Government pays them their contribution of 15 percent to help to bring back economic solidarity in this country.

The total amount paid to the Federal judiciary is something over $3,000,000 per annum. If they should contribute from their salaries on the same basis as all other employees of office, which amendment will permit the Congress of the United States to fix the salary of the Federal judiciary, just as it fixes the salary of every other employee. [Applause.]

I yield to no man in appreciation of the honor and dignity of the judiciary, but to my mind its attitude in the present emergency in failing to cooperate along with other citizens is a shocking disregard of the efforts being made by the employees of the Government, often at a great sacrifice, to bring our Government back to a safe economic condition.

I propose a constitutional amendment repealing that portion of the Constitution which provides that the compensation of Federal judges cannot be reduced during their terms of office, which amendment will permit the Congress of the United States to fix the salary of the Federal judiciary, just as it fixes the salary of every other employee. [Applause.]

The proposal is as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein), That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three fourths of the several States.

"ARTICLE —

"SECTION 1. Section 1 of article III of the Constitution of the United States is hereby repealed.

"SEC. 2. The judicial power of the United States shall be vested in one Supreme Court and in such inferior courts as the Congress may from time to time ordain and establish. The judges, both of the Supreme and inferior courts, shall hold their offices during good behavior, and shall, at stated times, receive for their services compensation to be ascertained by law.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress."

The SPEAKER. The time of the gentleman from Virginia has expired.

Mr. WOODRUM. I ask for 1 minute more.

[Cries of "Take 5 minutes!"]

The SPEAKER. Is there objection?

Mr. GAVAGAN. I object.

Mr. HASTINGS. I ask unanimous consent that the gentleman have 2 minutes more.

Mr. WOODRUM. That is all I wish to say at present.

IMPEACHMENT OF JUDGE JAMES A. LOWELL

Mr. SMITH of Virginia. Mr. Speaker, I rise to a question of constitutional privilege. Mr. Speaker and Members of the House, on my own responsibility, as a Member of this House, I impeach James A. Lowell, a United States district judge for the district of Massachusetts, for high crimes and misdemeanors. In substantiation of this impeachment I specify the following charges:

First. I charge that the said James A. Lowell, having been nominated by the President of the United States and confirmed by the Senate of the United States, duly qualified and commissioned, and while acting as district judge for the district of Massachusetts, did on divers and various occasions so abuse the powers of his high office and so misconduct himself as to be guilty of favoritism, oppression, and judicial misconduct, whereby he has brought the administration of justice in said district in the court of which he is judge into disrepute by his aforesaid misconduct and acts, and is guilty of misbehavior and misconduct, falling under the constitutional provision as ground for impeachment and removal from office.

Second. I charge that the said James A. Lowell did knowingly and willfully violate his oath to support the Constitution in his refusal to comply with the provisions of article IV, section 2, clause 2, of the Constitution of the United States, wherein it is provided:

A person charged in any State with treason, felony, or other crime, who shall flee from justice and be found in another State, shall, on demand of the executive authority of the State from which he fled, be delivered up, to be removed to the State having jurisdiction of the crime.

Third. I charge that the said James A. Lowell did, on the 24th day of April, 1933, unlawfully, willfully, and contrary to well-established law, order the discharge from custody of one George Crawford, who had been regularly indicted for first-degree murder in Loudoun County, Va., had confessed his crime, and whose extradition from the State of Massachusetts had, after full hearing and investigation, been officially ordered by Joseph B. Ely, Governor of the State of Massachusetts.

Fourth. I charge that the said James A. Lowell did deliberately and willfully by ordering the release of said George Crawford, unlawfully and contrary to the law in such cases made and provided, seek to defeat the ends of justice and to prevent the said George Crawford from being duly and regularly tried in the tribunal having jurisdiction thereof for the crime with which he is charged, to which he had confessed.

Fifth. I charge that the said James A. Lowell did on the said 24th day of April 1933 willfully, deliberately, and viciously attempt to nullify the operation of the laws for the punishment of crime of the State of Virginia and many other States in the Union, notwithstanding numerous decisions directly to the contrary by the Supreme Court of the United States, all of which decisions were brought to the attention of the said judge by the attorney general of Massachusetts and the Commonwealth's attorney of Loudoun County, Va., at the time of said action.

Sixth. I further charge that the said James A. Lowell, on the said 24th day of April 1933, in rendering said decision did use his judicial position for the unlawful purpose of casting aspersions upon and attempting to bring disrepute upon the administration of law in the Commonwealth of

Virginia and various other States in this Union, and that in so doing he used the following language:

I say this whole thing is absolutely wrong. It goes against my Yankee common sense to have a case go on trial for 2 or 3 years and then have the whole thing thrown out by the Supreme Court.

They say justice is blind. Justice should not be as blind as a bat. In this case it would be if a writ of habeas corpus were denied.

Why should I send a negro back from Boston to Virginia, when I know and everybody knows that the Supreme Court will say that the trial is illegal? The only persons who would get any good out of it would be the lawyers.

Governor Ely in signing the extradition papers was bound only by the question of whether the indictment from Virginia is in order. But why shouldn't I, sitting here in this court, have a different constitutional outlook from the governor who sits on the case merely to see if the indictment satisfies the law in Virginia?

I keep on good terms with Chief Justice Rugg, of the Massachusetts Supreme Court, but I don't have to keep on good terms with the chief justice of Virginia, because I don't have to see him.

I'd rather be wrong on my law than give my sanction to legal nonsense.

Seventh. I further charge that the said James A. Lowell has been arbitrary, capricious, and czarlike in the administration of the duties of his high office and has been grossly and willfully indifferent to the rights of litigants in his court, particularly in the case of George Crawford against Frank G. Hale.

Now, Mr. Speaker, I offer a resolution of impeachment, and I ask that it be read, and move its immediate consideration by the House.

The Clerk read as follows:

House Resolution 120

Resolved, That the Committee on the Judiciary is authorized and directed, as a whole or by subcommittee, to inquire into and investigate the official conduct of James A. Lowell, a district judge for the United States District Court for the District of Massachusetts, to determine whether in the opinion of said committee he has been guilty of any high crime or misdemeanor which in the contemplation of the Constitution requires the interposition of the constitutional powers of the House. Said committee shall report its findings to the House, together with such resolution of impeachment or other recommendation as it deems proper.

SEC. 2. For the purpose of this resolution the committee is authorized to sit and act during the present Congress at such times and places in the District of Columbia and elsewhere, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to employ such clerical, stenographic, and other assistance, to require the attendance of such witnesses and the production of such books, papers, and documents, and to take such testimony, to have such printing and binding done, and to make such expenditures, not exceeding $5,000, as it deems necessary.

Mr. SMITH of Virginia. Mr. Speaker, in the discussion of this resolution, I think I should lay before you some of the facts in this case that bring the matter to this House.

I want it distinctly understood that there is no race question involved here. I may say—and I think I may say it with pride for my Commonwealth—that there is no race question in the Commonwealth of Virginia.

That does not enter into this thing at all. The question here involved and the question that has brought the situation about is whether or not a Federal judge, elected for life, has the right and power, unchallenged, to disregard the Constitution of the United States, to flaunt the decisions of the Supreme Court of the United States, flaunt the Commonwealth of Massachusetts, and to flaunt the laws of the State of Virginia.

Let me tell you something about the facts in this case: I say, first, that this judge granted this writ of habeas corpus to a self-confessed murderer, duly indicted by competent grand jurors in the Commonwealth of Virginia. His extradition had been asked for of the Governor of Massachusetts by the Governor of Virginia, and granted.

On that extradition proceeding full and complete hearings had been had, both for the accused and for the Commonwealth.

Mr. BLACK. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I will ask the gentleman to wait until I have used at least 10 minutes. The gentleman will pardon me. Based on that investigation the Governor of Massachusetts decided that the papers were in order, that the identity of the prisoner was established, and ordered that requisition papers be issued. In compliance with that and with the request of the Governor of Virginia, Governor Ely, of Massachusetts, ordered this self-confessed murderer returned to the only tribunal in the world that had the right to try him for the crime to which he had confessed, namely, the circuit court of Loudoun County, Va. Thereupon Crawford applied for a writ of habeas corpus, which was granted by this Judge Lowell, and the purpose of that order granting the writ of habeas corpus was to turn loose upon the people of this country a self-confessed murderer before he had ever been tried. Happily an appeal by the State of Massachusetts has, I am informed, prevented the release of the accused from custody.

Mr. LUCE. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. May I proceed for at least 10 minutes?

Mr. LUCE. Will the gentleman yield before he concludes?

Mr. SMITH of Virginia. Yes. I want this House to know something about the facts of this case. Let me tell them to you in chronological order.

On the morning of January 13, 1932, Mrs. Agnes B. Ilsley, a prominent lady and a former resident of Wisconsin, together with Mrs. Mina Buckner, her companion, were found murdered in their rooms, both parties having been killed while asleep in their beds. Evidence discloses that the house had been broken into and that the two women had been murdered and property stolen from the house. On the same night Mrs. Ilsley's automobile was stolen.

A negro by the name of George Crawford, a former convict and a former employee of Mrs. Ilsley, was suspected of having committed the crime, as Mrs. Ilsley had had a criminal warrant sworn out against the said Crawford for housebreaking, and Crawford knew the charge had been lodged against him. The authorities were informed by various witnesses that Crawford and an unknown companion were seen in the vicinity of the home of Mrs. Ilsley, which is Middleburg, Va., on the afternoon preceding the night of the killing. A Nation-wide hunt was made for this man for a period of a year.

In February 1932 the said Crawford was indicted by a regular grand jury for the crime of murder in the first degree.

On January 13, 1933, Crawford was arrested in Boston on a charge of housebreaking. He was later identified by the State Department, by means of his finger prints, as the man wanted for the commission of the two brutal murders in Middleburg, Va.

Immediately upon receipt of the information of his arrest on the 17th of January, John Galleher, Commonwealth's attorney of Loudoun County, Va., went to Boston, where, on the next day, he obtained a sworn written confession from Crawford that he and another man had committed double murder in Virginia. This confession was made freely, frankly, without duress, and without the promise or hope of reward, he having stated in his confession that he was guilty of the crime and that he and his accomplice were planning to enter the home of Mr. Ilsley when she drove up in her car; that they hid in the tall grass and watched her put her automobile in the garage and enter the house. After waiting for a short while to permit her to retire, these two men entered this house knowing that it was occupied and committed two of the most brutal murders ever known. This confession was under oath and in writing but was not signed, as counsel had interceded before the record could be transcribed.

I have here and will submit for the inspection of the Judiciary Committee at the proper time his confession to that crime.

On January 17 petition was filed with the Governor of the Commonwealth of Virginia for extradition upon the Governor of the Commonwealth of Massachusetts for the return of Crawford. Extradition papers were received in Boston on January 21, but before their receipt notice was filed with Governor Ely's office by the National Association for the Advancement of Colored People that they wished a hearing in the matter. This association was represented

by two lawyers. The hearing was begun on the 24th day of January, and after 3 days was continued over until the 7th of February. It was concluded on the 9th of February.

On the 17th day of February Governor Ely granted the request of the Governor of Virginia for the extradition of Crawford and a warrant was issued and delivered to the State police. On that same day counsel for Crawford filed a petition for a writ of habeas corpus in the United States District Court for the District of Massachusetts. The only grounds for the writ were to the effect that Crawford could not lawfully be held by virtue of the extradition warrant, as it is in violation of the Constitution and of the laws of the United States and the Commonwealth of Massachusetts, in that he is not the person by name designated in said warrant or order, nor so to be taken, or held under the terms of the authority thereof; that said warrant or order does not upon its face or by its recital purport to authorize the taking or detention of the said George Crawford, and that the said Crawford is not the person alleged to have committed the crime set forth or exhibited in the demand for extradition.

Upon the return day of the writ Mr. S. D. Bacigalupo, assistant attorney general of the Commonwealth of Massachusetts, representing the Governor of Massachusetts, filed answer on behalf of the respondent, Frank G. Hale, the police officer who held the extradition warrant. The matter was originally set for hearing on March 20, but was continued from time to time until April 24.

On April 24 the case was set down for hearing at 10 o'clock a.m. before Judge Lowell, judge of the district court for the district of Massachusetts. No question was raised at the hearing as to denying the identity of the fugitive. No question was raised at the hearing which questioned the jurisdiction of the court which returned the indictment. The Commonwealth of Massachusetts protested against the admissibility of the affidavit with reference to the drawing of juries, stating that the United States Supreme Court had held a long line of cases that matters affecting the insufficiency of an indictment, which was not apparent on its face, could not be raised in a habeas corpus proceeding; that the indictment in this case on its face admitted to be sufficient, as found by Governor Ely.

The United States Supreme Court has continuously held that matters of this character cannot be raised in a habeas corpus proceeding, but the fugitive must be returned to the court which found the indictment, in which court the question of sufficiency of the indictment may be raised, and if conviction is had, the fugitive has his right in the appellate courts.

Judge Lowell granted the habeas corpus, and gave as his reason therefor that he was certain that the United States Supreme Court would not uphold the verdict of conviction should Crawford be returned to Virginia and convicted, because it is not customary in that State to have Negroes on juries.

This judge deliberately ignored or was ignorant of the law to such a violent extent that his continued service on the bench is a menace to the peace and good order of the Nation.

I do not contend that a judge may be impeached on an honest difference of opinion as to the law or for an erroneous decision of a case where he acts in good faith, but I do aver and proclaim that a judge is impeachable who is either (1) so ignorant of the law that it amounts to flagrant incompetency; or (2) who knowing the law deliberately, wilfully, and knowingly, in direct contravention of the Constitution and well-established precedent and authorities of the courts of last resort releases on the world a self-confessed murderer of the most vicious type.

When the white heat of indignation concerning this outrageous action on the part of James A. Lowell shall subside, it may be said and contended that to seek his impeachment is a resort to harsh methods. In reply, I call attention to the fact that Federal judges are elected for life, and that the only method of discipline and the only power for punishment lies through impeachment proceedings in this House. When a Federal judge arrogates to himself such power that he is no longer amenable to the mandates of the Constitution or the decisions of the Supreme Court there is no other remedy than impeachment.

If the press quotes him correctly, he has referred to the efforts of the sovereign State of Virginia to bring to trial this fiendish murderer as "a piece of stage play." He will doubtless characterize this proceeding in the same category.

If the press quotes him correctly, he has expressed his indifference and contempt for the Members of this House who will seek to bring him to the bar for his misdeeds.

I wish to say in this connection that I have not taken the responsibility of initiating these proceedings without due deliberation and thought, and so far as I am concerned this proceeding will be cool, calm, and dignified, but an earnest effort will be made to remove this man from the Federal bench, and thereby issue a warning to others that the rights of sovereign States to solemn mandates of the Constitution and that the unbroken decisions of the Supreme Court of the United States may not be lightly flaunted in the people's face.

I am not a novice in judicial experience. I served for many years as a member of the judiciary of the Mother of States, and I say to you, with all solemnity and seriousness, when a human being who has perchance been elevated to a position where he passes upon the rights and liberties of human beings, when he loses the common touch with his fellow man, when he loses his perspective of equality by reason of his vanity and false pride in the position to which he has been elevated, then he has lost the primary and fundamental elements of a competent jurist, and his continuation upon the bench is a menace to the peace and good order of his country and to the fair and equal administration of justice.

It is, therefore, with a feeling of the utmost solemnity and seriousness that I have offered this resolution and ask its immediate adoption.

In closing let me remind the House again that by his conduct on the bench this man has defied the laws of the sovereign Commonwealth of Virginia.

He has flaunted the solemn order of rendition of the Governor of the sovereign Commonwealth of Massachusetts.

He has flagrantly and boastfully violated section 2, article IV, of the Constitution of the United States.

He has deliberately and knowingly attempted to override and ignore the plain decisions of the Supreme Court of the United States on the very identical question here involved.

And if the press of today quotes him correctly, he has publicly expressed his contempt for those Members of Congress who would dare to rebuke him for his misconduct.

The issuance of this writ of habeas corpus, ordering the release of the accused, was ordered in the face of his fingerprints, in the face of the testimony of numerous witnesses who had seen him near the scene of the crime on the afternoon before, and in the face of his written confession—a confession made not alone to the authorities of Virginia but made before an officer of the State of Massachusetts.

Mr. BLACK. Mr. Speaker, I rise to a point of order against the gentleman's using the word "confession." The gentleman has admitted that the "confession" is not signed. I think until the gentleman produces some sworn evidence by some competent witnesses that the confession was made that language to the effect that a confession was made should be kept out of the RECORD.

Mr. SMITH of Virginia. Mr. Speaker, I am confident that the gentleman from New York is too good a lawyer to seriously make that point of order. I have nothing further to say upon the point of order.

Mr. BLACK. The gentleman has repeatedly used the word "confession."

Mr. SMITH of Virginia. And I use it again.

Mr. BLACK. And the gentleman has said that it is not signed. The gentleman has not stated there were witnesses to the confession. I think in all fairness the language should not be used.

The SPEAKER. The Chair thinks that this is a matter to be substantiated before the Committee on the Judiciary. The point of order is overruled.

Mr. SMITH of Virginia. All of that, I repeat, Mr. Speaker, is a matter fully proven and confessed by the accused in the presence of numerous witnesses, if the gentleman from New York [Mr. BLACK] wants to know. And I shall be glad, when I have concluded, if the gentleman from New York has any lingering doubts as to whether something should be done about this, to have him read the confession. Sworn or unsworn, it is a voluntary statement of the accused, and it makes no difference whether it is sworn to or not. He said it.

Mr. LUCE. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. LUCE. The gentleman under the rules has 1 hour, at the conclusion of which time he may move the previous question. I ask the gentleman if those who will present contrary views to those expressed by the gentleman may have the opportunity, when he has finished, to have the remaining time?

Mr. SMITH of Virginia. I will yield a reasonable proportion of the time, but somebody else on this side may want to be heard also. How much time would the gentleman like to have?

Mr. LUCE. I should like to have half of the hour.

Mr. SMITH of Virginia. I am sorry, but I will not be able to yield that much time.

Mr. LUCE. I call attention of the gentleman to the fact that Judge Lowell is my constituent, and it is not only my duty but my right to represent him here. Also, he has been my personal friend for many years. I am asking simply for fair play. Is there any man in this House who will refuse fair play? I now ask the gentleman how much time he will yield me?

Mr. SMITH of Virginia. I should be glad to yield the gentleman 10 minutes.

Mr. LUCE. Ten minutes, while the gentleman has 50 minutes; does he consider that fair play?

Mr. SMITH of Virginia. I shall yield the gentleman 10 minutes. There will be ample time later to discuss the merits, if the Judiciary Committee recommends impeachment proceedings.

Mr. VINSON of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. Yes.

Mr. VINSON of Kentucky. I submit to the distinguished gentleman from Massachusetts that in yielding to him 10 minutes the gentleman from Virginia has shown more fair play than Judge Lowell showed the Commonwealth of Virginia and the people of the United States.

Mr. LUCE. I shall, of course, have to accept the 10 minutes.

Mr. BYRNS. Mr. Speaker, may I suggest to the gentleman that I can see no good object to be gained by a general discussion of this matter further than the statement made by the gentleman from Virginia. I agree that the gentleman from Massachusetts [Mr. LUCE] should have some time, of course.

I suggest to the gentleman from Virginia [Mr. SMITH] that perhaps we can come to an agreement to that effect, that the gentleman yield 15 minutes to the gentleman from Massachusetts [Mr. LUCE] with the understanding that the gentleman from Virginia [Mr. SMITH] and the gentleman from Massachusetts shall be the only speakers upon either side of this proposition. [Applause.]

Mr. GAVAGAN. Will the gentleman yield for a question?

Mr. SMITH of Virginia. I yield.

Mr. GAVAGAN. Would it be possible for the gentleman to yield me 5 minutes to discuss the juridical questions involved?

Mr. SMITH of Virginia. I believe there has been unanimous consent granted to allow only two speakers.

Mr. BLACK. Will the gentleman yield? I would object to that unanimous-consent agreement. Why should only two Members of the House have something to say on this question?

Mr. BYRNS. May I say that the juridical question, as the gentleman puts it, is a matter to be considered by the Committee on the Judiciary and not for this House. [Applause.] It seems to me that this is a matter which should be disposed of with full opportunity to the gentleman from Massachusetts [Mr. LUCE] to present his side of the matter, and then permit the Committee on the Judiciary to pass upon the legal questions, and, of course, they will be glad to give my friend from New York [Mr. GAVAGAN] an opportunity to appear before them for any proper time.

Mr. LUCE. Then I understand the gentleman accepts the suggestion that I have 15 minutes?

Mr. SMITH of Virginia. Yes; and no further speakers on the question.

Mr. CELLER. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. CELLER. Do I understand the gravamen of the gentleman's impeachment is that the judge failed to exercise proper discretion in the granting of a writ and discharging of the prisoner as well as his gratuitous remarks concerning the Commonwealth of Virginia?

Mr. SMITH of Virginia. I charge, and I have so stated, that this judge deliberately violated his constitutional oath to maintain and uphold the Constitution of the United States and the laws thereof. I say that when a judge deliberately and purposely refuses to carry out the provisions of the Constitution of the United States, and further, that when he deliberately refuses to be governed by decisions of the Supreme Court of the United States on a question that is before him, if he cannot be impeached for that, how is he ever going to be gotten rid of? I am not going into this question of impeachment further on the merits of the case, because the sole purpose of this discussion today is to obtain, if I can, the passage of the resolution of investigation, which will put up to the Committee on the Judiciary of this House the investigation of the whole question—the conduct of the judge and the judicial questions involved—and then to report to this House whether he should be impeached or reprimanded or whether he should be permitted to go on his way and turn some more murderers loose.

Mr. CELLER. I respect the gentleman's judgment, and I simply asked whether the judge was exercising any discretion in this particular case, and if the gentleman feels the judge has gone so far afield in the proper exercise of discretion that he should be impeached.

Mr. SMITH of Virginia. If I did not, I would not be here this morning. This matter is no joke with me.

Mr. O'CONNOR. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. O'CONNOR. I do not believe this is the proper place to discuss the merits of this matter, because it will be referred to the Committee on the Judiciary; but I call the attention of the gentleman to this situation: rather than proceeding, as is usually done, by submitting his articles of impeachment and having them referred to the Committee on the Judiciary, the gentleman has asked the House to adopt a resolution, and I believe in all fairness, on the question of the adoption of the resolution, more than one side should be heard. I do not mean we should have general debate, but the gentleman is asking the House to adopt the resolution.

Mr. SMITH of Virginia. Merely a resolution of investigation.

Mr. O'CONNOR. But it is a resolution which the gentleman is asking us to pass judgment on. I believe the other side should be heard to some extent.

Mr. GAVAGAN. The gentleman proposing the resolution has 50 minutes and the opponents only 10 minutes.

Mr. BLAND. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. BLAND. I asked the gentleman to yield for the purpose of reminding him that if 15 minutes is to be accorded the gentleman from Massachusetts [Mr. LUCE] the gentle-

man should reserve sufficient time out of the hour to move the previous question.

Mr. O'MALLEY. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. O'MALLEY. This woman who was murdered happened at one time to have been a resident taxpayer of my district, according to information furnished by the gentleman from Massachusetts [Mr. LUCE]. Has the action of this Federal judge prevented the Commonwealth of Virginia bringing this confessed murderer to trial?

Mr. SMITH of Virgina. Yes; and that is what it is all about this morning.

Mr. O'MALLEY. I say in respect to the State of Wisconsin that I believe the people of the State of Wisconsin would like to have this resolution supported, to investigate this judge. [Applause.]

Mr. SMITH of Virginia. I thank the gentleman for his contribution.

Mr. BLACK. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. BLACK. The gentleman said at the outset of his remarks that the judge had offended on divers times and occasions. The gentleman has only cited one occasion and one case. Has the gentleman in mind any other matters aside from this particular proposition?

Mr. SMITH of Virginia. Well, I did not intend to bring that up this morning, but there has been a great deal of discussion about this case and it has got into the press. It was in the press this morning that such a resolution was to be offered. I have received telegrams this morning from Ohio and another telegram from some other State at a great distance, volunteering that those gentlemen would like to have an opportunity to come in and present other charges against the same judge. I do not care to discuss that, but the gentleman has insisted upon it. [Applause.]

Now, I want to say that the Supreme Court has continuously held—and I am only going into the law briefly, because if you want to go into the law I have enough decisions the other way to consume the entire day—but the Supreme Court has continuously held that matters of this kind cannot be raised in habeas corpus proceedings, but that the fugitive must be returned to the court which found the indictment, in which court the question of the sufficiency of the indictment may be raised, and if conviction is had the fugitive has a right to appeal to the appellate court.

This judge has deliberately ignored or was ignorant of the law to such a violent extent that his continued service on the bench is a menace to the peace and good order of this Nation.

The time allotted to me does not permit a full discussion of the legal precedents, but amongst the large number of cases sustaining my position are:

In re Wood, Petitioner (140 U.S. 278).
Henry v. *Henkel* (235 U.S. 219).
Whitaker v. *Hitt* (285 Fed. 797).
Benson v. *Henkel* (198 U.S. 1).
Riggins v. *U.S.* (199 U.S. 547).
Sheriff v. *Brown* (205 U.S. 179).

Mr. Speaker, I yield 15 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, as I have already informed the House, Judge Lowell not only is my constituent but also through many years has been my personal friend. I served with him in the Massachusetts Legislature, and then in a long-drawn-out constitutional convention, and had close opportunity through all those years to watch the man and the workings of his mind. I know him; and I desire here to testify that I know of no man in the State of Massachusetts who stands higher in the respect of those who know him than James A. Lowell.

I testify that he is a man of exceptional intelligence; that he is a man of perfect probity; that he is a man with the highest regard for justice; that he has filled his office honorably; and that all suggestions that this episode is part of a career of misfeasance are absurd. Of course, men will be found who have appeared before him and who thought they had right on their side while his decision was contrary. Some of them will doubtless come forward and question both his judicial capacity and his integrity. Has not that been the fate of my friend from Virginia while he sat on the bench? Did he never observe anybody of whom it might be said:

> No man e'er felt the halter draw,
> With good opinion of the law.

Always the defeated litigant complains. Otherwise he never would have gone into court.

Now, sir, this man, his position in life, his associations, his whole course, repel as preposterous the suggestions made in the press that he has been influenced by communistic views.

I would call your attention to the fact that many of the charges against him by the gentleman from Virginia were based on quotations from the press. Who here passes a week without some misquotation of what he has said? Who here takes any active part in our work without knowing of the unintentional errors of the press? Who here but has been put in false position by what the press has said to be his utterances?

Shall you take this solemn procedure on the ground of rumors, on the ground of reports, on the ground of opinions voiced in the press?

I pray you discard at once all that part of the gentleman's argument which was prefaced by saying, "If the press is correct."

Shall we summon this man here; shall we hale him before the Judiciary Committee and presently bring him to the bar of the Senate on the ground that a newspaper reporter said that the judge had said something?

But, after dismissing all that, return to the charge itself. The only valid charge, the only charge with which any proof is presented is—and I deny that telegrams from disappointed litigants are proof—that in one instance, one instance in all his long and honorable career, he made a decision that has not satisfied the gentleman from Virginia.

Now, sir, picture to yourself what will be the course of events if we establish the precedent that because a lawyer, disappointed and chagrined by the judgment of a judge, feels that he ought to pursue the case, he may come to Congress with his contention. Do you think it wise that he shall be encouraged to come to this House and ask that the case be tried over again? How many hundreds and thousands of cases would be brought to Congress if you once set forth the idea, spread the idea, and laid down the principle that a disappointed litigant may have an appeal to the Congress. Why, you would crowd the docket of the Committee on the Judiciary with hundreds and thousands of cases if you proceeded on this novel principle.

Sir, it has not been my fortune to read the official documents of the case. I know nothing of the arguments as made in court. I can only submit to your consideration whether it is to be assumed that a judge in making a decision has had no law on his side to defend that decision; that he has not given due weight to precedent; that he has not exercised his function as a judge to decide between the opposing views of counsel.

The gentleman asks us, because he presents one side of the case, to assume that there is no other side to the case.

If, however, it should be taken for granted that any litigant, any lawyer, who loses out in his suit may then come here, let us further consider, if I may venture so far as to follow the same line of argument that the gentleman himself has presented, whether it is the province of a judge to determine what will be the treatment of an accused man when he is taken beyond the borders of a State. Let us face that issue squarely.

I am going to ask every man here to ask himself this question: "If tomorrow Germany should ask President Roosevelt to extradite and send to Germany a Jew, would I vote to support the President if he did it?"

This is a definite, specific question you may ask yourselves. Will you vote to support a proposal to send a man charged with crime into a neighborhood where it is believed he cannot get justice? Why, only a few days ago we read what

went on down at Scottsboro. Let that be clear and fresh in your minds. There they had to resort to that practice of the law which is known as a change of venue. What is the basis of a change of venue? Why is it provided? How does it come about that a man may be tried in some locality other than where the crime was committed? The basis of it is the fear of prejudice, the fear of injustice, the fear of unfairness, and inasmuch as you have that principle in the law of change of venue, I ask you why you would deprive a judge anywhere in this country of considering the question raised by the principle involved in that issue. I maintain that a judge in Wisconsin or a judge in California or a judge in Massachusetts has the right to consider whether he will cause a man to lose his life by sending him into a hostile environment for trial.

I make no charge against Virginia. She has a right to be proud of her institutions, but we understand that Virginia views this particular question from a point of view other than that of a man from a northern State. We have felt that there are parts of this country where, by reason of his color, a man does not get a fair trial. We understand that in some parts of this country jurors are not selected with due regard to the constitutional provision that there shall be no debarment of any man from his rights as a citizen by reason of his color, the provision that says no State "shall deny to any person within its jurisdiction the equal protection of the laws."

We do not attempt to answer the social question. We know the difficulties that are involved. We sympathize with our friends from the South. We do not pretend to be wiser or holier than they are. We do not advance that issue at all. We face the fact—the fact that a colored man sent from a Northern State and charged with crime will go into an environment where he is unlikely to get fair and even-handed justice. By the records we can show this to be the case.

So, sir, we maintain that there is no ground for impeachment to be found in the fact that this situation is recognized by a judge in another State.

You are asked to go to great expense and take much time in investigating this issue. We do not evade the issue. If it is your pleasure to invite the precedent that is involved therein, go ahead and do it. We know this judge can defend himself to the satisfaction of that committee and exonerate himself. We know what the report of that committee will be. If you are unwise enough to force upon them the labors involved, very well, but we ask you to start out at least with an open mind, to start out at least with knowledge that you have heard only one side of the case, to start out by treating this judge as fairly as you want to treat any other American citizen.

Mr. LEHLBACH. Will the gentleman yield for a question?

Mr. LUCE. Certainly.

Mr. LEHLBACH. The gentleman from Virginia [Mr. SMITH], on his own responsibility as a Member of the House, has presented articles of impeachment. Would not these articles so presented, as a matter of course, be referred to the Committee on the Judiciary for its consideration?

Mr. LUCE. So I understand the practice of the House.

Mr. LEHLBACH. And the resolution that is now pending is entirely unnecessary and will only serve to record the judgment of the House that a prima-facie case exists. The Committee on the Judiciary will have jurisdiction over the articles of impeachment whether this resolution is adopted or not, is not that the case?

Mr. LUCE. That I understand to be the case.

Mr. GAVAGAN. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. GAVAGAN. I should like to inquire if the gentleman knows whether or not the State of Massachusetts has taken an appeal from the order of Judge Lowell.

Mr. LUCE. I do not.

Mr. GAVAGAN. I ascertain from the newspapers that the State has taken an appeal.

Mr. LLOYD. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. LLOYD. Assuming that the members of our Federal judiciary should be above suspicion, in view of the fact that these charges have been made, should not the judge welcome an orderly, preliminary investigation before the Judiciary Committee of this House?

Mr. LUCE. Of course, any man ought to welcome any inquiry into his conduct, whether as a judge or in any other position, but I am pointing out to you that if you do this in one instance, you are in duty bound to do it in a thousand instances. You are in duty bound to flood the House and the committee with questions raised by disappointed litigants.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. LUCE. Certainly.

Mr. BRITTEN. As I understand the gentleman's attitude, it is that he has no objection to all this matter that has been presented by the gentleman from Virginia going to the Committee on the Judiciary for proper and due consideration, but he does object to a record vote being taken on a resolution which has no place here at this time.

Mr. LUCE. Absolutely.

Mr. BRITTEN. There is no objection, of course, by any Member of the House to having all this matter very carefully considered, as it should be by the Committee on the Judiciary, and as it will be, without the passage of this resolution.

Mr. BYRNS. Will the gentleman from Massachusetts yield?

Mr. LUCE. Certainly.

Mr. BYRNS. I want to ask the gentleman if this is not the usual resolution which is adopted in proceedings of this kind, and is not this resolution necessary in order to provide the Committee on the Judiciary with the necessary funds in the event they have to go to Massachusetts for the purpose of making the investigation? [Applause.]

Mr. BLACK. Will the gentleman yield?

Mr. LUCE. Certainly.

Mr. BLACK. Does not the gentleman think it is highly unfair and prejudicial to the course of justice for the House at this time to interfere in any way, shape, or form with this proceeding until the appeal is disposed of?

Mr. LUCE. Absolutely.

Mr. LEHLBACH. Will the gentleman yield further?

Mr. LUCE. Certainly.

Mr. LEHLBACH. Is not the correct practice to refer the articles of impeachment to the Committee on the Judiciary and if upon examination of the articles, the Committee on the Judiciary finds enough substance in them to proceed with an investigation, is it not then the function of the Committee on the Judiciary to come to the House and ask for the necessary money and the proper authority?

Mr. LUCE. That is the custom, and a very wise custom, Mr. Speaker.

Mr. PETTENGILL. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. PETTENGILL. Is it not premature to take this up before the appellate court files its decision?

Mr. LUCE. Certainly; the Court of Appeals may decide the same way.

Mr. LOZIER. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. LOZIER. Is it not true that a decision of the higher courts will not purge this judge of his wrongdoing. If he has violated the Constitution, if he has deliberately, by his decision, flaunted the Constitution he took an oath to defend, and if he has contemptuously ignored the comity which exists between the States, and set himself up to pass ex cathedra upon the ultimate result of a future trial in another State—would not that system and policy, if followed generally by judges, practically destroy our whole judicial system in the United States? [Applause.]

Mr. LUCE. I do not accept the basis upon which the gentleman has put his question.

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question on the resolution.

Mr. LUCE. A parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. LUCE. The gentleman has preferred charges and also introduced a resolution. Which is to be voted on first?

The SPEAKER. The resolution provides that the Committee on the Judiciary shall investigate the charges made by the gentleman from Virginia. The vote will be on the adoption of the resolution. The question is on the previous question.

The previous question was ordered.

The SPEAKER. The question now is on the adoption of the resolution.

Mr. LUCE. On that, Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 209, nays 151, answered "present" 12, not voting 59, as follows:

[Roll No. 24]

YEAS—209

Abernethy	Dickinson	Kleberg	Randolph
Allgood	Dies	Kniffin	Rankin
Arens	Disney	Kocialkowski	Rayburn
Arnold	Dobbins	Kramer	Richards
Ayers, Mont.	Doughton	Lambeth	Robertson
Bailey	Doxey	Lanham	Rogers, Okla.
Beam	Drewry	Lea, Calif.	Romjue
Biermann	Driver	Lee, Mo.	Ruffin
Bland	Duncan, Mo.	Lehr	Sanders
Boileau	Durgan, Ind.	Lemke	Sandlin
Brennan	Eagle	Lesinski	Scrugham
Briggs	Elizey, Miss.	Lloyd	Sears
Brooks	Faddis	Lozier	Secrest
Brown, Ky.	Fernandez	McCarthy	Shallenberger
Brown, Mich.	Flannagan	McClintic	Sisson
Buchanan	Foulkes	McDuffie	Smith, Va.
Buck	Frear	McFadden	Smith, Wash.
Bulwinkle	Fuller	McFarlane	Smith, W.Va.
Burch	Fulmer	McKeown	Snyder
Burke, Calif.	Gasque	McMillan	Spence
Busby	Gillespie	McReynolds	Steagall
Byrns	Gillette	Maloney, La.	Strong, Tex.
Cady	Glover	Mansfield	Stubbs
Caldwell	Goldsborough	Marland	Swank
Cannon, Mo.	Green	May	Tarver
Carden	Greenwood	Meeks	Taylor, Colo.
Carpenter, Nebr.	Gregory	Miller	Taylor, S.C.
Carter, Calif.	Griffin	Milligan	Terrell
Cartwright	Haines	Mitchell	Thomason, Tex.
Cary	Hamilton	Monaghan	Thompson, Ill.
Castellow	Hancock, N.C.	Montet	Turner
Chapman	Hart	Moran	Umstead
Chavez	Hastings	Morehead	Underwood
Church	Henney	Mott	Utterback
Claiborne	Hildebrandt	Murdock	Vinson, Ga.
Clark, N.C.	Hill, Ala.	Musselwhite	Vinson, Ky.
Coffin	Hill, Knute	Nesbit	Wallgren
Colden	Hill, Sam B.	O'Connell	Weaver
Cole	Hoidale	O'Connor	Weideman
Collins, Calif.	Howard	O'Malley	Werner
Collins, Miss.	Huddleston	Oliver, Ala.	West
Colmer	Imhoff	Owen	White
Cooper, Tenn.	Jacobsen	Palmisano	Whittington
Cox	Jeffers	Parker, Ga.	Wilcox
Cravens	Johnson, Minn.	Parks	Willford
Cross	Johnson, Okla.	Patman	Williams
Crowe	Johnson, Tex.	Peavey	Wilson
Crump	Johnson, W.Va.	Peterson	Withrow
Culkin	Jones	Pierce	Wood, Ga.
Darden	Kee	Polk	Woodrum
Dear	Kemp	Pou	
Deen	Kennedy, Md.	Ragon	
DeRouen	Kerr	Ramsay	

NAYS—151

Adair	Christianson	Focht	Kinzer
Allen	Clarke, N.Y.	Ford	Kloeb
Auf der Heide	Cochran, Mo.	Foss	Knutson
Bacharach	Cochran, Pa.	Gavagan	Kopplemann
Bacon	Connery	Gibson	Lambertson
Bakewell	Connolly	Gilchrist	Lamneck
Beedy	Cooper, Ohio	Goodwin	Lanzetta
Beiter	Crosby	Goss	Larrabee
Berlin	Crosser	Granfield	Lehlbach
Black	Crowther	Gray	Luce
Blanchard	Cullen	Guyer	Ludlow
Bloom	Darrow	Harlan	Lundeen
Boehne	Delaney	Healey	McCormack
Boland	De Priest	Hess	McGrath
Bolton	Dirksen	Higgins	McGugin
Boylan	Ditter	Hoeppel	McLean
Britten	Dockweiler	Hollister	Maloney, Conn.
Brumm	Dondero	Holmes	Mapes
Brunner	Doutrich	Hope	Marshall
Burke, Nebr.	Dowell	Hughes	Martin, Colo.
Burnham	Edmonds	James	Martin, Mass.
Carley	Eicher	Jenkins	Mead
Carpenter, Kans.	Eltse, Calif.	Kahn	Merritt
Carter, Wyo.	Farley	Keller	Millard
Cavicchia	Fish	Kelly, Ill.	Moynihan
Celler	Fitzpatrick	Kelly, Pa.	Norton
Chase	Fletcher	Kenney	Parker, N.Y.
Parsons	Schaefer	Strong, Pa.	Wadsworth
Pettengill	Schuetz	Studley	Walter
Peyser	Schulte	Sutphin	Wearin
Powers	Seger	Swick	Whitley
Ransley	Simpson	Taber	Wigglesworth
Reid, Ill.	Sinclair	Tinkham	Wolcott
Reilly	Sirovich	Tobey	Wolfenden
Rich	Snell	Traeger	Wolverton
Richardson	Somers, N.Y.	Treadway	Young
Rogers, Mass.	Stalker	Truax	Zioncheck
Rogers, N.H.	Stokes	Turpin	

ANSWERED "PRESENT"—12

Adams	Douglass	Hancock, N.Y.	Lewis, Colo.
Andrews, N.Y.	Duffey	Hooper	Major
Condon	Dunn	Kurtz	Sumners, Tex.

NOT VOTING—59

Almon	Englebright	McLeod	Sadowski
Andrew, Mass.	Evans	McSwain	Shannon
Ayres, Kans.	Fiesinger	Martin, Oreg.	Shoemaker
Bankhead	Fitzgibbons	Montague	Sullivan
Beck	Gambrill	Muldowney	Sweeney
Blanton	Gifford	O'Brien	Taylor, Tenn.
Brand	Griswold	Oliver, N.Y.	Thom
Browning	Harter	Perkins	Thurston
Buckbee	Hartley	Prall	Waldron
Cannon, Wis.	Hornor	Ramspeck	Warren
Corning	Jenckes	Reece	Watson
Cummings	Kennedy, N.Y.	Reed, N.Y.	Welch
Dickstein	Kvale	Robinson	Wood, Mo.
Dingell	Lewis, Md.	Rudd	Woodruff
Eaton	Lindsay	Sabath	

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Bankhead (for) with Mr. Beck (against).
Mr. Warren (for) with Mr. Waldron (against).
Mr. Almon (for) with Mr. Englebright (against).
Mr. Browning (for) with Mr. Watson (against).
Mr. Brand (for) with Mr. Hartley (against).
Mr. McSwain (for) with Mr. Perkins (against).
Mr. Ramspeck (for) with Mr. Muldowney (against).
Mr. Montague (for) with Mr. Eaton (against).

Additional general pairs:

Mr. Blanton with Mr. Gifford.
Mr. Corning with Mr. Woodruff.
Mr. Ayres of Kansas with Mr. Evans.
Mr. Sabath with Mr. Buckbee.
Mr. Prall with Mr. McLeod.
Mr. Griswold with Mr. Reed of New York.
Mr. Kennedy of New York with Mr. Welch.
Mr. Gambrill with Mr. Taylor of Tennessee.
Mr. Martin of Oregon with Mr. Andrew of Massachusetts.
Mr. Rudd with Mr. Thurston.
Mr. Lewis of Maryland with Mr. Reece.
Mr. Dickstein with Mr. Kvale.
Mr. Shannon with Mr. Shoemaker.
Mr. Sullivan with Mr. Sadowski.
Mr. Fiesinger with Mr. Cannon of Wisconsin.
Mr. Lindsay with Mr. Thom.
Mr. Sweeney with Mr. Robinson.
Mr. Hornor with Mr. Cummings.
Mr. Wood of Missouri with Mr. Dingell.
Mrs. Jenckes with Mr. Harter.

Mr. KVALE. Mr. Speaker, I desire to vote.

The SPEAKER. Was the gentleman present in the Hall and listening when his name was called?

Mr. KVALE. I was not.

The SPEAKER. The gentleman does not qualify.

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

The SPEAKER. The charges made by the gentleman from Virginia are referred to the Committee on the Judiciary.

CLAIM OF UNITED STATES UPON ASSETS OF PAN AMERICAN PETROLEUM CO. AND RICHFIELD OIL CO. OF CALIFORNIA

Mr. FULLER. Mr. Speaker, I ask unanimous consent for the present consideration of Senate Joint Resolution 13, authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co., heretofore duly entered, which I send to the desk to have read, and ask unanimous consent that the same be considered in the House as in Committee of the Whole House on the state of the Union.

The Clerk read the title to the joint resolution.

The SPEAKER. Is there objection?

Mr. McGUGIN. Mr. Speaker, I reserve the right to object. I have read the resolution. While on its face it does not say so, is not this a part of the old oil scandals in the Doheny case?

Mr. FULLER. Yes.

Mr. McGUGIN. And the movement is to compromise part of the judgment against Mr. Doheny?

Mr. FULLER. It is not so much a compromise as it is a matter of getting all that we can out of him.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the Senate joint resolution.

The Clerk read the Senate joint resolution, as follows:

Resolved, etc., That the Attorney General of the United States, with the concurrence of the Secretary of the Navy, be, and he is hereby, authorized, in connection with collection of amounts due the United States of America under a certain judgment for $9,277,666.17 entered in the office of the clerk of the District Court of the United States for the Southern District of California at Los Angeles on January 14, 1933, against the Pan American Petroleum Co., a corporation, to release from claim or lien under said judgment such part or portions of the property and assets of the said Pan American Petroleum Co. and the Richfield Oil Co. of California, in such manner and with such reservations as shall seem to him proper and advisable, in consideration of payments to the United States to apply upon said judgment, of not less than the sum of $5,000,000, and in connection therewith to release any claims of the United States against purchasers of oil and petroleum products from the leases commonly known as "E", "I", and "G" leases, or also known as "Visalia 010042, 010043, and 010097 leases" in naval petroleum reserve no. 1, Kern County, Calif., and to consent, in the premises, to the assignment of other oil and gas leases in said naval petroleum reserve no. 1, now part of the unmortgaged assets of Pan American Petroleum Co., with the concurrence of the Secretary of the Navy and to the assignment of other oil and gas leases, also part of the unmortgaged assets of Pan American Petroleum Co., of the United States outside the said naval petroleum reserve no. 1, with the consent of the Secretary of the Interior, said assignments to be authorized only to assignees otherwise duly qualified under existing laws.

Mr. EDMONDS. Mr. Speaker, as I understand it, the gentleman from Arkansas will have control of 1 hour. Will the gentleman yield part of that time to this side of the House?

The SPEAKER. This is being considered in the House as in Committee of the Whole House on the state of the Union under the 5-minute rule.

Mr. FULLER. Mr. Speaker, I am sure every Member of this House would be glad to vote for this measure if he knew its merits, especially if he is a lawyer. Sometime ago, as we all know, a scandal grew out of the Naval Reserve oil fields of southern California. Later the Government recovered the leases, and it was then discovered that during the time the Doheny interests had possession of those leases they took something over $5,000,000 worth of oil out of the property. The Government then instituted a suit to recover judgment for approximately $5,000,000 worth of this oil. By the time the judgment was obtained in November 1932, with the interest added of 7 percent, it amounted to $9,300,000. These two corporations mentioned in the resolutions were Doheny companies. He is out of the picture entirely. One is the Pan American Petroleum Co. and the other is the Richfield Oil Co. of California. The judgment is against these companies; they are in the hands of receivers and are hopelessly insolvent. It is necessary that this measure should be passed immediately in order that the Government may recover anything substantially.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. FULLER. Yes.

Mr. McFADDEN. Is the Pan American Petroleum Co. in the hands of a receiver?

Mr. FULLER. Yes.

Mr. McFADDEN. I thought the Standard Oil Co. of Indiana had absorbed that.

Mr. FULLER. I cannot answer that because I do not know.

Mr. McFADDEN. I know the Richfield Co. is in the hands of a receiver.

Mr. SUMNERS of Texas. I understand that they took over the Pan American.

Mr. LEHLBACH. The Pan American Co. is a subsidiary entirely owned by the Richfield Co., and both of these companies are in the hands of a receiver.

Mr. FULLER. That is what I understood.

Mr. LEHLBACH. The Standard Oil has no interest in it whatever.

Mr. FULLER. Not a bit. During the Hoover administration and preceding it, special counsel were employed by the Government to investigate this matter. Three of them are still connected with the case. They have gone to California recently and have obtained an additional compromise whereby they can at least get $5,000,000 for the Federal Government to apply as credit on the judgment provided this resolution is passed at once. This measure was recommended by ex-Attorney General Mitchell, and also by Mr. Adams, Secretary of the Navy. It is also recommended by Mr. Cummings, the present Attorney General, and by Mr. Swanson, now Secretary of the Navy. There is nothing political in it. I think the leaders on both sides of the House and the leaders of the Nation generally, who know about the matter, say that this legislation ought to be expedited and passed quickly.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. JOHNSON of Texas. What amount goes for attorneys' fees? Do the hearings show anything about that?

Mr. FULLER. So far as I know, none. Nothing goes to those who were special counsel for the Federal Government. If there is anybody who gets anything, we do not know anything about it. There is no way to ascertain it.

One of the companies, the Richfield Co., has a claim pending before the Revenue Department for a million dollars rebate on income tax. It would not be policy for me to state there was a possibility of recovery from the Government, but it is a very good time to eliminate this claim, and it will be taken into consideration in the settlement of this transaction. Some of this oil was produced before this scandal was known, and before there was any proof of rascality, and was purchased by the Standard Oil Co. of California, and the special investigators have been trying to get some evidence in order to bring suit against the Standard Oil Co. of California and make them pay, but they have been unable to get any proof, but they have used it as a club to the extent that the Standard Oil Co. of California was a party to this settlement whereby it agrees to buy the property, or at least bid $23,000,000 at public sale, whereby the Government will recover at least five millions on its judgment.

The SPEAKER. The time of the gentleman from Arkansas [Mr. FULLER] has expired.

Mr. FULLER. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. LEHLBACH. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. LEHLBACH. The settlement provided in this resolution is the settlement recommended by former Senator Atlee Pomerene, who was chief counsel for the Government in all of this oil litigation. Is that not a fact?

Mr. FULLER. Yes, that is true; and the two men who were so active and who went out there and made this agreement both appeared before the committee.

Mr. DE PRIEST. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. DE PRIEST. Is this claim of the Government a preferred claim?

Mr. FULLER. No; it is not. We have judgments against those companies for $9,200,000, but they had a prior mortgage on much of the property. We doubt if their assets would sell on the market today for $10,000,000. They owe every bank in all that part of the country. Under this compromise no one is to get any money except the Federal Gov-

ernment, which is to receive 50 percent; one of the sets of bondholders is to receive 30 percent, and another set is to get 40 percent, and all the common creditors will get absolutely nothing.

Mr. SWANK. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. SWANK. Did not this same bill pass the Senate in the last Congress, while Senator Walsh of Montana was a Member of that body.

Mr. FULLER. Yes; and Senator Walsh is the man who started the investigation and conducted it, and he was in favor of this measure. The leaders of the Senate are in favor of it. It was passed in the Senate without any dissenting vote. I am sure if anybody has any doubt about it, if he will just state it, it can easily be cleared up.

Mr. MONTET. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. MONTET. Is this to be a cash settlement?

Mr. FULLER. A cash settlement. This resolution authorizes the Attorney General, with the consent and approval of the Secretary of the Navy, if in their judgment they think it is to the best interest of the Government to accept not less than $5,000,000 in the settlement as a credit on the judgment; not in full satisfaction of the judgment, but a credit on the judgment, and thereby releasing any other claim which the Government has on the properties of these two insolvent oil companies. Retaining the right to recover from Doheny.

Mr. GILCHRIST. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. GILCHRIST. Will the gentleman explain why, if those companies have $5,000,000 worth of property, the Department of Justice cannot discover the property and levy on it under the judgment they already have?

Mr. FULLER. It is just as any other lawyer will tell you, many times you can get a judgment and cannot collect it.

Mr. GILCHRIST. Not when they have $5,000,000 worth of property oustanding.

Mr. FULLER. Oh, they had $50,000,000 worth of property in book values, but it is covered by mortgages and bonds long before the judgment was obtained, and we cannot reach it.

Mr. GILCHRIST. Then the mortgage and bondholders are entitled to preference. Why should the mortgages and bondholders consent in this case to admitting $5,000,000 to go to the Government when it ought to go to them?

Mr. McFADDEN. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. McFADDEN. It is my understanding that when the Richfield Oil Co. took this property they took it subject to the claim of the United States Government, and the same thing applies to the purchase by the Pan American Petroleum Co., and the assets were taken over by the Standard Oil Co. of Indiana. In other words, they made a reservation that whatever judgment was acquired by the United States would have to be paid by those old companies. Therefore, why should they compromise when both of these judgments would be a lien against the property?

Mr. FULLER. In the opinion of the committee and in the opinion of those who have the authority and responsibility and have investigated it, if we do not pass this bill this week they will put all of their property up for sale and it will sell for less than $10,000,000, and the party who will buy it is the Standard Oil Co. of California, and the United States Government would not get a million dollars out of it. If I knew more about this case than all these lawyers who have the responsibility, in both the past administration and the present administration, and if I did not have any responsibility at all, I would vote against this and make my conscience clear. I certainly do not understand the facts to be as stated by the gentleman from Pennsylvania [Mr. McFADDEN] and the gentleman from Iowa [Mr. GILCHRIST], and the record bears me out.

Mr. GILCHRIST. Will the gentleman yield further?

Mr. FULLER. No. I do not have any further time to yield.

Mr. GILCHRIST. I wanted to ask the gentleman if the lawyers had to take the responsibility of voting here this afternoon?

Mr. FULLER. No, sir.

Mr. GILCHRIST. I was simply asking for the facts. I am not indicating how I shall vote.

The SPEAKER. The time of the gentleman from Arkansas [Mr. FULLER] has again expired.

Mr. EDMONDS. Mr. Speaker, I fully agree with what the gentleman from Arkansas has said in connection with this bill. This is plainly a case of insolvency; it is a case of settling up an estate that may have assets or may not have assets, according to the way it is handled.

The settlement proposed in this bill is in no way a final settlement. You will notice the Attorney General is given permission to make this settlement, to take the $5,000,000, with such reservations as seem to him proper and advisable in consideration of the payment to the United States, this to apply upon the said settlement.

In other words, if you study the report, you will find that it is expected money will be secured from other sources with which to pay this judgment of the Government.

The attorney, Mr. Harrison, who was with Mr. Pomerene in the case originally, agreed to make this settlement with the creditors of the California company which is now recommended. He made this statement:

> "The bondholders of the Richfield Co. expect a dividend of 30 percent, the unsecured bank and trade creditors a dividend of 12 percent, the bondholders of the Pan American a dividend of 40 percent, whereas the Government is assured of more than 50 percent, with the possibility of an increase resulting from the allowance of income-tax refund and a recovery against Mr. Doheny. We have no hesitancy," they say, "in urging this settlement."

The reason this matter is brought up this afternoon in what may possibly seem to be rather a hurry is because next Saturday is the last day on which the Government can take advantage of this proposition.

I think this is a good settlement. I have looked into the matter very closely. The matter has been gone into by a number of committees of bondholders and creditors. They have entered into an agreement that this money should be paid to the Government; that this amount, $5,000,000, is given in settlement, no matter what other collection the Government may make.

I think we should do this. I think $5,000,000 in hand at the present time from an insolvent estate is well worth having; and I think, as long as we are not forgiving the balance of the judgment but have the possibility of collecting it from other sources, that this is a wise agreement for the Government to enter into.

Mr. GILCHRIST. Mr. Speaker, I take the floor for 2 minutes to say that in propounding my questions to the chairman of the committee I was in search of facts. I do not like to be told that if I do not like it I can vote "no." I should like to know why I should vote "yes." I should like some facts concerning this resolution which would justify us in believing that the Government cannot collect the $9,000,000 judgment it has against this property. With that thought in mind, I asked the chairman of the committee about it, and was advised by him that if I did not like the bill, I could vote "no."

I think the committee must have some information on this question. The information so far given us is simply a conclusion; the facts are not disclosed, but we are told that the end of the whole matter is that the Government cannot collect. Are there any facts to show that the Government cannot collect? If so, what are they?

We are told that this judgment is not a lien ahead of the stockholders and other creditors. Ordinarily this is not true. Ordinarily the king for his debt has a lien ahead of the citizen.

I do not know what the facts are. I should like to know, and I am in as good faith in asking for information as any

member of the committee. We ought to be informed of the facts which will support the proposal.

Mr. EDMONDS. Mr. Speaker, will the gentleman yield?

Mr. GILCHRIST. Certainly.

Mr. EDMONDS. I call the gentleman's attention to page 12 of the report.

Mr. GILCHRIST. I thank the gentleman from Pennsylvania.

Mr. EDMONDS. If the gentleman reads it, he will find that the Government by its representatives, together with representatives of the other creditors, met. Out of this meeting an agreement was reached. Under section 5, on page 13, the Government is to be paid this $5,000,000. Then a division was made of the balance.

We do not release our claim on Doheny for the sum of $800,000 income tax returnable. I believe we will get hold of that money and at a later date will probably get some of the other claims mentioned in the report.

Understand, this is not a settlement of the claim. This is simply an application of $5,000,000 on account of the claim.

Mr. McFADDEN. Will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. McFADDEN. Then the Government retains its judgment against Mr. Doheny, who is not a bankrupt.

Mr. EDMONDS. This does not relieve any of the other claims at all. It simply applies $5,000,000 on account, so as to release these properties so they can be sold in order to get more assets into the company.

Mr. McFADDEN. It is my understanding that when Mr. Doheny sold his interests that there was a reservation of funds to cover whatever the Government recovered. In other words, these companies that bought these assets reserved in their contract with Mr. Doheny sufficient money to cover any judgment which the Government might obtain at a later date.

Mr. EDMONDS. It states in the agreement, at the bottom of page 11 of the report—

> The Government is assured of more than 50 percent of the claim with the possibility of an increase resulting from the allowance of an income-tax refund and a recovery against Mr. Doheny.

Mr. McFADDEN. In that connection, are they exercising their rights against Mr. Doheny?

Mr. EDMONDS. They say so.

Mr. McFADDEN. If they are, then the Government will recover the entire $9,300,000.

Mr. EDMONDS. That is something the Attorney General is supposed to attend to, and I presume he is. He says he will do it, and I think he will.

[Here the gavel fell.]

Mr. MOTT. Mr. Speaker, I ask for recognition for 5 minutes in order to definitely state my position as a member of the committee upon this resolution and to offer an amendment to it.

I voted against the resolution in committee, and as a matter of consistency I am going to vote against it here unless it is amended so as to place the responsibility for the proposed settlement of this case where it belongs. In taking this stand, however, I do not want to be understood as opposing the merits of the proposal to make the settlement or compromise authorized by this resolution. Neither do I want to undertake to persuade anyone to vote against the resolution if he is satisfied from such information as is available to him that the compromise here proposed would be a good thing. The point I am making is that in voting for this resolution the Congress is taking upon itself the responsibility of saying whether a settlement or a compromise ought to be made, and I think this responsibility should be upon the Attorney General as the person in charge of this lawsuit for the people of the United States and not upon the Congress.

Mr. FULLER. Will the gentleman yield?

Mr. MOTT. Yes.

Mr. FULLER. Did the gentleman notice that both the Attorneys General said that under the law neither one of them had any authority to settle this case without the authority of Congress and that the only reason they were asking for the authority of Congress was because it was not a Treasury matter where the Treasury could step in and act in the premises?

Mr. MOTT. I asked the Attorney General's representative that question directly and he said that he was not able to state whether a resolution was necessary or not, and his own opinion was that perhaps a resolution was not necessary.

This, Mr. Speaker, is my first objection. I do not believe it is necessary to authorize this settlement by an act of Congress passed for that purpose. The case is in the hands of the Attorney General. He is representing the people of the United States as his clients and he has the same power to compromise or settle this case as he has to compromise or settle hundreds of other lawsuits which the Department of Justice settles or compromises every year.

Mr. SNELL. Will the gentleman yield for a question there?

Mr. MOTT. Certainly.

Mr. SNELL. I was directly informed from the Attorney General's office that that Department recommended this settlement as presented to Congress.

Mr. MOTT. I will say for the information of the gentleman, and of the House also, that there is considerable doubt in my mind and in the minds of other members of the committee whether the Attorney General has, in fact, asked for this authorization.

Mr. SNELL. A gentleman called me up from that office and distinctly told me that anyway. That is all I know about it.

Mr. MOTT. I will say to the gentleman that there have been two or three different statements from the Attorney General's office as to what the Attorney General's position on this matter is. If you will turn to page 3 of the report, you will find a short letter from the Attorney General addressed to Senator KENDRICK, Chairman of the Committee on Public Lands of the Senate. The letter is dated March 15, and in that letter he says:

> I am pleased to advise you that the proposed legislation seems to me to be highly desirable. Those here in the Department who have had to do with this matter strongly urge the passage of this resolution.

Upon that authority and upon that statement the committee was about to vote to report this resolution favorably, when the personal spokesman of the Attorney General stopped the vote, in effect, and said: "Gentlemen, before you vote to report out this resolution, I have a message from the Attorney General. I want the gentlemen of the committee to distinctly understand that the Attorney General is not asking for this authorization."

Upon the strength of this statement the members of the committee decided that they should wait until they could get a direct statement from the Attorney General as to whether or not he wanted this authorization. So the committee adjourned until the next day. The following day the Attorney General sent a letter to the committee, and the only statement he made in this letter as to whether or not he wanted authority to settle the case was to refer the committee to the letter he had already written and to state that he had not changed his opinion as expressed in the first letter. This certainly was not an answer to the committee's question. I do not think the Attorney General has definitely asked the Congress to give him the authority the resolution proposes, and, if in these circumstances we pass the resolution, we are taking the affirmative responsibility which ought to be upon the shoulders of the Attorney General. If the Attorney General wants this authorization he should say so, and he should say so in no ambiguous terms.

So I propose that a protective amendment be adopted to this resolution.

[Here the gavel fell.]

Mr. MOTT. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. MOTT. I suggest that in these circumstances, where the Attorney General was not willing to say that he wanted this authorization by congressional act, that the Congress, if it passed the resolution, would be put in the position, in spite of the permissive language in the bill, of not only putting its O.K. upon this settlement but of directing the Attorney General to make it.

So, in these circumstances, and inasmuch as no Member of the Congress and no member of the committee has sufficient information upon which to say that this settlement ought to be made or ought not to be made, I think it is proper to put a protective amendment in this resolution, and I now offer such an amendment:

Provided, That the authority herein granted is permissive only and shall not be construed as a declaration of approval by Congress of the compromise or settlement herein authorized to be made and that said authority shall not be exercised by the Attorney General unless in his judgment such compromise or settlement shall appear to him to be for the best interests of the United States.

I think that in view of the ambiguous position that the Attorney General has taken, if we are going to pass a resolution authorizing the settlement, we should be very certain that the resolution states in no uncertain terms that it is merely permissive, and not to be exercised unless the Attorney General deems it for the best interests of the United States. Mr. Speaker, I send to the desk the amendment I have just read.

The SPEAKER. The gentleman from Oregon offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 3, line 3, after the word "laws", strike out the period and insert a semicolon and insert the following: "*Provided*, That the authority herein granted is permissive only and shall not be construed as a declaration of approval by Congress of the compromise herein authorized to be made and said authority shall not be exercised by the Attorney General unless in his judgment such compromise shall appear to him to be for the best interests of the United States."

Mr. FULLER. Mr. Speaker, the gentleman agreed in committee that he would not present that amendment. The committee is opposed to it, for the reason that it is surplusage; it only carries out the language in the bill which is set forth more clearly than it is in the amendment.

All the resolution does is to give the Attorney General authority, with such reservations as he deems proper, to settle this case. He does not have to settle if he does not want to, will not unless advantageous to the Government, and there is no use for us to "pass the buck" and not assume any responsibility at all. We might as well leave it where it is.

Mr. GOLDSBOROUGH. Why should we assume any responsibility, except the permissive responsibility? We give him authority and permission to make the settlement.

Mr. FULLER. That is all there is to it.

Mr. GOLDSBOROUGH. Why should we put this amendment in the bill when it is clearly set forth in the bill?

Mr. FULLER. There is one thing I want to call attention to, and that is we have got to pass this law right away, or on Saturday the court will order the property sold and we will be barred from carrying out our agreement.

This is nothing personal to me, the administration wants the bill to go through, and it does nothing more than to give the Attorney General the authority to settle it if he thinks it is for the best interests of the United States to do so. The Attorney General will have to study every detail, the proceedings in the former administration, and he has a great deal of work to do after this bill is passed.

Mr. BRITTEN. Will the gentleman yield?

Mr. FULLER. I will yield.

Mr. BRITTEN. Is it not a fact that the amendment read does nothing more than merely refuse the authority of Congress or the approval of Congress for doing what is already carried in the bill? The word "permissive" is nothing more than a substitution for the word "authorized" in the bill. So the amendment can do no harm. It permits the Attorney General to do just what he is authorized to do in the bill, but it does one other thing—it indicates a lack of approval by Congress of the entire transaction. That is what the amendment does, but it leaves the Attorney General to do as he pleases. I can see no harm or no objection to the amendment.

Mr. FULLER. The gentleman is taking up all of my time.

Mr. BRITTEN. I am trying to help the gentleman pass the bill.

Mr. FULLER. The gentleman is making a strong argument.

Mr. BRITTEN. I am talking for the gentleman.

Mr. FULLER. All right. We do not want this bill amended, so that it will have to go back to the Senate. The amendment is unnecessary.

Mr. GOLDSBOROUGH. "The lady does protest too much." If the amendment does not interfere with the bill at all and is purely unnecessary, what is the objection to it?

Mr. FULLER. Because we do not want it, and we do not want to load the resolution down with an amendment and then have to take it back to the Senate. Time is of the essence in this matter. The amendment is meaningless and its adoption means delay. We want the matter settled between now and Saturday.

Mr. PARKS. We have a conditional contract that they will pay us $5,000,000?

Mr. FULLER. Yes.

Mr. PARKS. What is the amount of the judgment?

Mr. FULLER. Nine million three hundred thousand dollars. In addition to that we are settling a refund claim which might be collected of over $1,000,000. The only thing that we are doing is to release property from our judgment which is covered by a prior and valid mortgage.

Mr. MARLAND. Did the judgment run against the Pan American only, or against the Pan American and Doheny?

Mr. FULLER. It was against all, but we do not release our right to recover from Doheny.

The SPEAKER. The time of the gentleman from Arkansas has expired.

Mr. McGUGIN. Mr. Speaker, with or without the amendment of the gentleman from Oregon [Mr. MOTT], I do not believe it is advisable for the Congress to pass this resolution, but, above all, it seems to me very unwise to pass the resolution without the amendment of the gentleman from Oregon.

The principal thing involved in the entire oil scandals is the honor, credit, and integrity of the Government. The question involved is not whether or not the Government obtains some money from that source. I say to you quite frankly that in order to preserve the character, integrity, and the faith in the Government in this country I would rather say let the courts take their course and let the Government take what the courts give, if it be only a thousand dollars, rather than to take $5,000,000 on the basis of a compromise when you and I and no other person in this House knows whether the compromise is right or wrong. This whole matter was turned by Congress over to the executive department of this Government back in the Coolidge administration. Public sentiment was such that it was necessary to restore public confidence in government, and in order that there might be no question about that, President Coolidge went further than merely turning it over to the Department of Justice of his administration. He appointed special counsel, men of different political faith. They have handled this matter.

I believe that the overwhelming majority of the people of the United States believe in the honor and integrity of the courts and of the executive department of the Government, in the manner in which these matters have been handled. For God's sake, let us not shake public confidence by coming in here at this late day and under the guise of obtaining a few million dollars pass a resolution authorizing a settlement which, to say the least, the overwhelming majority of the Members of this House know little or nothing about, and about which, of course, the public knows less. Therefore I hope the resolution is voted down, but in the meantime I do hope that the amendment of the gen-

tleman from Oregon is accepted, because if the resolution is to be adopted it is indeed preferable that the responsibility may rest upon the Attorney General. It is not a case of Congress passing the buck. The Attorney General is the only authority who is in position to actually ascertain the truth as to whether a settlement should be made. Congress is not the proper tribunal to ascertain such a fact. That is something beyond our power to do.

Mr. FULLER. Do you not think these attorneys would have the best information about that? They come in here with this report and ask that this compromise be made, and they say that it is the only way in which we can recover any money. Do you not think that we ought to accept it?

Mr. McGUGIN. If they want to do it let them go ahead and do it, but do not come to Congress and place the responsibility upon Congress.

Mr. FULLER. They have no authority except by this resolution.

Mr. McGUGIN. If they have not, let it go on where it is, with the courts. Let the matter go on with the authority granted by Congress in the first instance.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. Yes; I yield to my friend from Mississippi.

Mr. WHITTINGTON. It is said that the resolution provides a yardstick for compromise, but I call attention to this language—

in such manner and with such reservations as shall seem to him proper and advisable, in consideration of payments to the United States to apply upon said judgment, of not less than a sum of $5,000,000.

The crux of this matter is the reduction of this judgment to $5,000,000. What proof is there that they cannot pay all of it?

Mr. McGUGIN. None, so far as we know. Here is a $9,000,000 judgment, and when you and I vote for this resolution today we have reduced it from 9 million to 5 million. That much is certain. I choose to let the courts ascertain whether it is $9,000,000 or $4,000,000 or $5,000,000, or whatever it may be. I am not going to vote for it.

The SPEAKER. The time of the gentleman from Kansas has expired.

Mr. BRITTEN. Mr. Speaker, I rise to support the amendment. I hope the amendment will be agreed to. I should like to call attention to some language in the committee report. When the former Attorney General sent this report to Congress, under the Hoover administration, he said, for the Department of Justice:

Accordingly we submit herewith a form of resolution for adoption by the Congress if it approves thereof.

Mr. Speaker, note the words "if it approves thereof." The amendment that has been offered by the gentleman from Oregon takes away any suggested approval of Congress for this particular transaction and places it where it belongs, in the Roosevelt administration and in the office of your very, very capable Attorney General, Mr. Homer Cummings.

Now let me call to your attention the language of your distinguished Attorney General, Mr. Cummings. He says in conclusion:

And I am pleased to advise you that the proposed legislation seems to me to be highly desirable. Those here in the Department who have had to do with this matter strongly urge the passage of this resolution.

That is very evasive—those in the Department who have had to do with this resolution strongly urge the passage of it.

Now, my friends, in the interest of the Treasury, in the interest of a proper settlement which we all desire, because very few Members of the House know what is back of this entire transaction, I am willing to presume that everything behind it is honest and is being done for the best interest of the Government, and that the Government, from Franklin D. Roosevelt down, desires this legislation, but there can be no objection to this permissive suggestion carried in the amendment offered by the gentleman from Oregon. After it has been attached to the bill I cannot see any reason why every Member of the House cannot vote in favor of it. It seems to be a good resolution.

Mr. LOZIER. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. LOZIER. Is it not true that this bill in its present form, in the last analysis and as a practical proposition, is a legislative authorization, and in fact will be construed as a legislative direction to the Attorney General to settle on this basis; and what objection could there be to adopting the amendment offered by the gentleman from Oregon, which would place the responsibility on the Department of Justice, where it should rest, because that Department has charge of the litigation, and it is supposed to know whether this is the best settlement that can be obtained; but without some language similar to that offered by the gentleman from Oregon, I fear that as a practical proposition this resolution will be construed as congressional authorization and direction to the Department of Justice to settle upon this basis.

Mr. BRITTEN. If the gentleman is correct in his idea that this is a congressional direction—and I do not agree with the gentleman—but, if the gentleman is correct, then by all means we should favor the amendment offered by the gentleman from Oregon.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. COCHRAN of Missouri. I am inclined to agree with what the gentleman said—that it would be for the best interest of the country to pass this bill. Does the gentleman know whether this corporation is solvent or not?

Mr. BRITTEN. We are informed that this corporation and an adjoining corporation are now in the hands of receivers. I am not a lawyer, but my thought is that the Government sees an opportunity to collect $5,000,000 on a former $5,000,000 debt, which has been increased three or four million dollars by accretion of interest, and if it does not take advantage of that opportunity the Government may lose a considerable portion of that $5,000,000. I am willing to take my chances with your Attorney General. I am satisfied with his honestry of purpose and of his ability to protect the Government.

Mr. COCHRAN of Missouri. The Attorney General accepts the recommendation of your former Attorney General.

The SPEAKER. The time of the gentleman from Illinois [Mr. BRITTEN] has expired.

Mr. BRITTEN. Mr. Speaker I ask unanimous consent to proceed for 1 additional minute.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. PARSONS. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. PARSONS. When was the judgment first obtained in this case?

Mr. BRITTEN. The report will show that.

Mr. PARSONS. Why is it that the previous administration did not collect this from the oil companies before they went into the hands of receivers?

Mr. BRITTEN. Is the gentleman playing politics or asking me a pertinent question?

Mr. PARSONS. I am asking the gentleman a question.

Mr. BRITTEN. I do not have the slightest idea. The chairman of the committee is on your side of the House and he can undoubtedly tell you about it.

Mr. FULLER. If the gentleman will yield, I can answer the gentleman. We did not get the judgment until 2 or 3 years ago. They could not get the proof. This is not a settlement of the entire judgment. This is only a credit on the judgment; and as the gentleman from Oklahoma asked me a while ago, the report shows that it is not liquidation and settlement and satisfaction of this judgment. The Government still has a right to pursue the judgment for the purpose of collecting from Edwin L. Doheny. So this is only for the purpose of relieving certain assets of these defunct institutions now in the hands of receivers.

Mr. PARSONS. Relieving them of what?

Mr. GOSS. Mr. Speaker, I ask unanimous consent that the gentleman from Arkansas may proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut [Mr. Goss]?

There was no objection.

Mr. PARSONS. Relieve them what for?

Mr. FULLER. Those companies are in the hands of receivers, and this property had a bona fide mortgage on all of it before the Government got any judgment against it. That mortgage is good today.

It is impossible to collect anything on the judgment. They have other assets distributed all over the country, and in order for the Standard Oil Co. to get a little stigma off of them, and fearing that we might follow them a little further when we know we can not collect from them, they are willing to go into the open market and bid with every other company in the world on these concerns, and pay $23,500,000, with the understanding that the Federal Government will get a credit of at least $5,000,000 on this judgment.

If we do not go through with it the receivers will sell it just the same, and in all probability they, or somebody else, will buy it and we will not get our money.

Mr. PARSONS. The gentleman states this judgment was rendered 2 years or more ago.

Mr. FULLER. Yes.

Mr. PARSONS. What has the Department of Justice been doing these 2 years, or even prior to that time, that they were not taking steps to force this collection?

Mr. FULLER. I cannot answer that, but the mortgage was upon this property before the Government obtained its judgment.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. FULLER. I yield.

Mr. COCHRAN of Missouri. The corporation is in the hands of a receiver.

Mr. FULLER. Yes.

Mr. COCHRAN of Missouri. Where are they getting the $5,000,000?

Mr. FULLER. They have made an agreement with the Standard Oil Co. of California that on this promised agreement they will bid $23,500,000 for the property, and we get the $5,000,000 out of them.

Mr. COCHRAN of Missouri. Does the gentleman think there is anything under cover?

Mr. FULLER. There may be; I do not know.

[Here the gavel fell.]

Mr. MAPES. I ask unanimous consent that the time of the gentleman from Arkansas may be extended 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MAPES. The resolution itself answers the question of the gentleman from Illinois. This judgment was entered on January 14, 1933; not 2 years ago, but less than 4 months ago.

Mr. FULLER. That is the judgment by the Appellate Court.

Mr. MAPES. No; it says it was entered in the office of the clerk of the District Court of the United States for the District of California, Los Angeles, on January 14, 1933.

The last administration had no time in which to collect the judgment, if this has any bearing on the matter.

Mr. MARLAND. Mr. Speaker, will the gentleman yield?

[Here the gavel fell.]

Mr. WHITTINGTON. Mr. Speaker, I ask that the gentleman from Arkansas be granted 2 additional minutes in which to answer the question of the gentleman from Oklahoma.

Mr. MARLAND. A moment ago the gentleman stated that the judgment ran against the Pan American Co. and E. L. Doheny. If under this resolution this settlement of $5,000,000 is made with the Pan American Co. the judgment still runs against E. L. Doheny for $4,000,000.

Mr. FULLER. Yes.

Mr. EDMONDS. Mr. Speaker, I am opposed to the amendment because I do not think it will aid us at all. If you propose to vote for this amendment, I would suggest that it be modified by eliminating the words "of the compromise herein authorized." This is an application of $5,000,000 on account of a judgment. There are other parties in this claim from whom the Government expects to collect.

If you read the report, you will see that Mr. Doheny is in the case and there are other sources from which it is expected to collect. However, in settlement of this particular receivership they are willing to pay $5,000,000, and the Government officials seem to think that this is all we will be able to collect out of it. Therefore we are taking this $5,000,000 on account of the judgment of $9,000,000 and going after the other parties to collect the balance as far as possible. This is the situation.

Replying to those who seem to think there is no necessity for this legislation, let me say I do not believe the executive branch of the Government has the right to dispose of any property of the Government without the consent of Congress. You are disposing of a lease today that has value. Therefore the probabilities are that the legal authorities decided that in order to give a complete title it would be necessary for them to get this legislation. It was proposed and passed by the Senate in the last Congress. It is now proposed and passed by the Senate again.

Mr. PARSONS. Mr. Speaker, will the gentleman yield?

Mr. EDMONDS. I yield.

Mr. PARSONS. In view of what has just been said on both sides of the aisle, there seems to be some kind of a contract or collusion whereby certain bids are to be made if this resolution is passed and these lands are involved; a company is going to bid so much in order that we can get $5,000,000.

What is the proposition behind these bids with the Standard Oil Co. perhaps getting title to these lands, and the Government losing them, when we could perhaps collect the entire amount if they were sold on a fair market.

Mr. EDMONDS. The $5,000,000 will be paid to the Government under this agreement.

Mr. PARSONS. That is, for only $5,000,000 we release it whereas under other conditions some other company would gobble it up.

Mr. EDMONDS. Do not forget this is to be disposed of at an open sale. Any company may get it; it will be sold at a fair open sale.

Mr. PARSONS. But how many companies are in a position to bid in competition with, for instance, the Standard Oil Co.?

Mr. EDMONDS. I have not the least idea, and the gentleman knows that.

Mr. LOZIER. Mr. Speaker, there seems to be a misunderstanding as to the date of the judgment in favor of the Government. By reference to page 6 of the report you will find that the suit to cancel these leases was decided at Los Angeles in November 1930, against the United States, which judgment was, on February 5, 1932, reversed by the United States Circuit Court of Appeals, which court directed a decree canceling these leases. On October 10, 1932, the Supreme Court denied an application for writ of certiorari, and on November 7, 1932, said Court denied an application for rehearing. Then the district court, pursuant to the mandate of the court of appeals, on November 29, 1932, entered a final decree canceling the leases and directing defendants to account for the value of oils taken from the leaseholds. After an accounting, final judgment was entered January 14, 1933, for $9,277,666.17, with interest thereon from November 29, 1932.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. LOZIER. I yield.

Mr. MAPES. Even that makes the judgment only 45 days longer, November 29, 1932.

Mr. LOZIER. The gentleman from Michigan is correct. I am merely correcting the record as to the date of this judgment.

Mr. EDMONDS. But the gentleman will acknowledge they still owe the money?

Mr. LOZIER. Yes; they owe the money. They owe much more than the $5,000,000 they offer us. They owe Uncle Sam more than $9,000,000. While I do not look with favor on the proposed compromise, I am willing to authorize the Department of Justice to make the best settlement obtainable, because it has all the facts, is in charge of the litigation, and is in a better position than Congress to determine what can be collected under our judgment.

Mr. DOCKWEILER. Mr. Speaker, the Richfield Oil Co.'s main office is in the city of Los Angeles. The Richfield Oil Co. went into the hands of a receiver more than 2 years ago. Its president and chairman of the board were prosecuted for embezzlement of funds and were found guilty and are now languishing in the State penitentiary in California.

I hold no brief for the mismanagement of the Richfield Oil Co., but, Mr. Speaker, this Richfield oil situation has been hanging like a dark cloud over the city of Los Angeles and the county of Los Angeles because there are so many creditors involved.

As I recall, more than $30,000,000 worth of bonds were sold by so-called "respectable bond houses" to the people of the city of Los Angeles and there are millions of dollars' worth of credits outstanding held by banks and other companies in the city of Los Angeles, and this matter has to be settled by the Richfield Oil Co. one way or another.

I have received this morning a telegram from Mr. McDuffie, who is the receiver in charge of both the Richfield Oil Co. and the Pan American Petroleum Co. This company was a California corporation and not the one you are thinking about.

In part of his telegram he goes on to say:

I have, as receiver for Richfield and Pan American, constantly recommended to the court and creditors that the Richfield and Pan American properties should be sold as a unit and sold or reorganized at the earliest possible date, and that in my opinion the best interests of all creditors would be best served by such a sale or reorganization. There has been no disapproval of such recommendations by the court or by the creditors' committee. The creditors' committees, of which there are four, namely, original bondholders' committee, original bank-credits committee, original unsecured-trade creditors' committee, and Pan American bondholders' committee, have for months past been endeavoring to secure offers for the property in receivership. Offers were received from both Consolidated Oil Corporation and Standard Oil Co. of California, and, after consideration, all committees accepted Standard's offer. In view of the fact that the receiver, the court, and all committees are desirous of selling the properties, and in view of the fact that the Government attorneys have recommended the settlement of their judgment and that the settlement is very advantageous to the Government, and as the settlement can only be paid through the sale, and particularly in view of the fact of the telegram—

He refers to a telegram which was sent to the President—

I ask your active support in combating any opposition to the immediate approval of the House of the compromise, so that the sale and reorganization can be carried through. It must be remembered that if this settlement is not made and lengthy litigation ensues not only will the Government not get its money, but it will probably be necessary for the receiver to sell the properties piecemeal, in which case there will be little recovered for the creditors, secured or otherwise.

Mr. McGUGIN. Will the gentleman yield?

Mr. DOCKWEILER. Yes.

Mr. McGUGIN. I will ask the gentleman if it is not his experience that it is very extraordinary, if not unethical, for receivers to go around appealing to creditors to compromise their suits?

Mr. DOCKWEILER. Not at all; and if the gentleman knew the type and character of Mr. McDuffie he would not say so.

Mr. McGUGIN. I am talking about receivers in general. I am referring to receivers going around and appealing to creditors to compromise their suits.

Mr. BLANCHARD. Will the gentleman yield?

Mr. DOCKWEILER. I yield.

Mr. BLANCHARD. Will the gentleman state whether he is opposed to the amendment of the gentleman from Oregon [Mr. MOTT]?

Mr. DOCKWEILER. I do not think the amendment of the gentleman from Oregon hurts this particular resolution, although I think it is unnecessary.

It has been said that the Government should be in a position to settle this case without authority from this Congress.

[Here the gavel fell.]

Mr. DOCKWEILER. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. DOCKWEILER. It has been said that this House does not need to pass a resolution to authorize the Attorney General. That the Attorney General has really asked for this authorization and that he has recommended that his Department act under this resolution I think goes without saying from the contents of his letter dated March 15, 1933, excerpts from which have just been read in the House.

This judgment was secured this year, January 14, 1933. The Richfield Oil Co. has been in the hands of receivers for over 2 years. The judgment that the Government has stands as an ordinary judgment and stands in no better position than a bondholder's judgment or the judgment of a general creditor.

Mr. GILCHRIST. Will the gentleman yield?

Mr. DOCKWEILER. I yield.

Mr. GILCHRIST. What does this resolution mean when it provides that the Government is to assign oil and gas leases in the naval petroleum reserves which are now unmortgaged and are unmortgaged assets of the Pan-American Petroleum Co.? This is stated in line 19, and also in line 22 of page 2 of the resolution. If these are unmortgaged assets, why does not the Government stand in better relationship to them than ordinary creditors?

Mr. DOCKWEILER. That is because, under the terms of the Oil and Gas Leasing Act passed about 10 years ago in this House and in the Senate, a corporation, as I gather it, could not hold over a certain number of acres, and I know that upon the dissolution of this company these particular leases would have to go into some other hands.

I hope you will all support this resolution because it will help us in Southern California to settle this question.

Mr. FULLER. Mr. Speaker, I move the previous question on the resolution and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment of the gentleman from Oregon [Mr. MOTT].

Mr. GOSS. Mr. Speaker, I ask unanimous consent that the amendment may be again read for the information of the House.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

The Clerk again read the Mott amendment.

The SPEAKER. The question is on the amendment.

The question was taken; and the amendment was agreed to.

The SPEAKER. The question now is on the third reading of the resolution.

The resolution was read the third time.

The SPEAKER. The question is on the passage of the resolution.

The question was taken; and on a division (demanded by Mr. Goss) there were 125 ayes and 16 noes.

Mr. McGUGIN. Mr. Speaker, I object to the vote on the ground that there is no quorum present.

The SPEAKER. Evidently there is no quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll.

The question was taken; and there were—yeas 244, nays 117, answered "present" 1, not voting 69, as follows:

[Roll No. 25]

YEAS—244

Adair	Bacharach	Beiter	Bland
Adams	Bailey	Berlin	Boileau
Andrews, N.Y.	Bakewell	Biermann	Boland
Auf der Heide	Beedy	Blanchard	Bolton

Boylan	Driver	Kloeb	Rayburn
Brennan	Duffey	Kniffin	Reece
Britten	Duncan, Mo.	Kopplemann	Reed, N.Y.
Brooks	Dunn	Kramer	Reilly
Brown, Ky.	Edmonds	Kvale	Richards
Brown, Mich.	Eicher	Lamneck	Robertson
Brunner	Ellzey, Miss.	Larrabee	Rogers, Mass.
Buchanan	Eltse, Calif.	Lehlbach	Rogers, N.H.
Buck	Evans	Lewis, Colo.	Romjue
Bulwinkle	Faddis	Lloyd	Schaefer
Burch	Farley	Luce	Scrugham
Burke, Calif.	Fernandez	McCarthy	Seger
Burke, Nebr.	Fitzgibbons	McCormack	Shallenberger
Burnham	Fitzpatrick	McGrath	Shannon
Byrns	Flannagan	McKeown	Sinclair
Cady	Focht	McLean	Sirovich
Carden	Ford	McReynolds	Sisson
Carley	Foss	McSwain	Smith, Va.
Carpenter, Nebr.	Fuller	Major	Snell
Carter, Calif.	Gavagan	Maloney, Conn.	Snyder
Carter, Wyo.	Gillette	Maloney, La.	Somers, N.Y.
Cary	Goodwin	Mansfield	Spence
Celler	Goss	Mapes	Stokes
Chapman	Granfield	Marland	Strong, Pa.
Chavez	Griffin	Marshall	Strong, Tex.
Church	Haines	Martin, Colo.	Studley
Claiborne	Hancock, N.Y.	Martin, Mass.	Sumners, Tex.
Clark, N.C.	Harlan	Martin, Oreg.	Swank
Clarke, N.Y.	Hart	May	Sweeney
Cochran, Mo.	Harter	Mead	Swick
Colden	Hartley	Merritt	Terrell
Cole	Hastings	Millard	Thom
Collins, Calif.	Healey	Milligan	Thomason, Tex.
Collins, Miss.	Henney	Mitchell	Tinkham
Connery	Hess	Montet	Tobey
Connolly	Hildebrandt	Mott	Traeger
Cooper, Ohio	Hill, Knute	Muldowney	Turner
Cooper, Tenn.	Hill, Sam B.	Murdock	Turpin
Cox	Hoeppel	Musselwhite	Underwood
Crosby	Hoidale	Nesbit	Utterback
Crosser	Hollister	Norton	Vinson, Ga.
Crowe	Holmes	O'Connell	Vinson, Ky.
Crump	Hooper	O'Connor	Wadsworth
Culkin	Huddleston	Owen	Wallgren
Cullen	Imhoff	Parker, N.Y.	Walter
Darden	Jacobsen	Parks	Watson
Darrow	Jeffers	Patman	Welch
Dear	Jenkins	Peavey	Werner
Delaney	Johnson, Okla.	Peyser	West
DeRouen	Johnson, W.Va.	Pierce	Whitley
Dickinson	Kahn	Polk	Whittington
Ditter	Kee	Powers	Wigglesworth
Dockweiler	Kemp	Prall	Williams
Doughton	Kenney	Ramsay	Wilson
Douglass	Kerr	Ramspeck	Wolcott
Doutrich	Kinzer	Randolph	Woodrum
Doxey	Kleberg	Ransley	Young

NAYS—117

Abernethy	Fletcher	Lesinski	Schulte
Allen	Foulkes	Lozier	Sears
Arens	Gasque	Ludlow	Secrest
Arnold	Gibson	Lundeen	Smith, Wash.
Ayers, Mont.	Gilchrist	McClintic	Smith, W.Va.
Ayres, Kans.	Gillespie	McDuffie	Stalker
Beam	Glover	McFadden	Steagall
Black	Goldsborough	McFarlane	Stubbs
Boehne	Gray	McGugin	Sutphin
Briggs	Green	Meeks	Tarver
Caldwell	Greenwood	Miller	Taylor, Colo.
Cannon, Mo.	Gregory	Monaghan	Taylor, S.C.
Carpenter, Kans.	Griswold	Moran	Thompson, Ill.
Cartwright	Guyer	Morehead	Thurston
Castellow	Hancock, N.C.	O'Malley	Truax
Chase	Hill, Ala.	Oliver, Ala.	Umstead
Christianson	Howard	Parker, Ga.	Wearin
Coffin	Johnson, Minn.	Parsons	Weaver
Colmer	Jones	Peterson	Weideman
Cross	Keller	Pettengill	White
Deen	Kelly, Ill.	Rankin	Wilcox
De Priest	Kocialkowski	Reid, Ill.	Wolfenden
Dies	Kurtz	Rich	Wolverton
Dingell	Lambertson	Richardson	Wood, Ga.
Dirksen	Lambeth	Rogers, Okla.	Wood, Mo.
Disney	Lanham	Ruffin	Woodruff
Dobbins	Lanzetta	Sadowski	Zioncheck
Dowell	Lee, Mo.	Sanders	
Durgan, Ind.	Lehr	Sandlin	
Eagle	Lemke	Schuetz	

ANSWERED "PRESENT"—1

Bacon

NOT VOTING—69

Allgood	Cavicchia	Fish	Kelly, Pa.
Almon	Cochran, Pa.	Frear	Kennedy, Md.
Andrew, Mass.	Condon	Fulmer	Kennedy, N.Y.
Bankhead	Corning	Gambrill	Knutson
Beck	Cravens	Gifford	Lea, Calif.
Blanton	Crowther	Hamilton	Lewis, Md.
Bloom	Cummings	Higgins	Lindsay
Brand	Dickstein	Hope	McLeod
Browning	Dondero	Hornor	McMillan
Brumm	Drewry	Hughes	Montague
Buckbee	Eaton	James	Moynihan
Busby	Englebright	Jenckes	O'Brien
Cannon, Wis.	Fiesinger	Johnson, Tex.	Oliver, N.Y.
Palmisano	Rudd	Taber	Willford
Perkins	Sabath	Taylor, Tenn.	Withrow
Pou	Shoemaker	Treadway	
Ragon	Simpson	Waldron	
Robinson	Sullivan	Warren	

So the resolution was agreed to.

The following pairs were announced:

Until further notice:

Mr. Corning with Mr. Beck.
Mr. Bankhead with Mr. Cavicchia.
Mr. McMillan with Mr. Englebright.
Mr. Pou with Mr. McLeod.
Mr. Ragon with Mr. Treadway.
Mr. Fiesinger with Mr. Brumm.
Mr. Kennedy of New York with Mr. Andrew of Massachusetts.
Mr. Sabath with Mr. Buckbee.
Mr. Sullivan with Mr. Cochran of Pennsylvania.
Mr. Warren with Mr. Fish.
Mr. Blanton with Mr. Gifford.
Mr. Fulmer withh Mr. Crowther.
Mr. Oliver of New York with Mr. Eaton.
Mr. Almon with Mr. James.
Mr. Busby with Mr. Perkins.
Mr. Montague with Mr. Taber.
Mr. Rudd with Mr. Knutson.
Mr. Condon with Mr. Taylor of Tennessee.
Mr. Drewry with Mr. Kelly of Pennsylvania.
Mr. Johnson of Texas with Mr. Frear.
Mr. Gambrill with Mr. Waldron.
Mr. Palmisano with Mr. Moynihan.
Mr. Kennedy of Maryland with Mr. Withrow.
Mr. Lindsay with Mr. Higgins.
Mr. Browning with Mr. Simpson.
Mr. Allgood with Mr. Dondero.
Mr. Brand with Mr. Hope.
Mr. Dickstein with Mr. Shoemaker.
Mr. Hamilton with Mr. Cannon of Wisconsin.
Mrs. Jenckes with Mr. Willford.
Mr. Cummings with Mr. Hornor.
Mr. Robinson with Mr. O'Brien.
Mr. Cravens with Mr. Hughes.

Mr. HANCOCK of North Carolina. Mr. Speaker, my colleague, Mr. WARREN, is unavoidably absent. If present, he would vote "no."

The result of the vote was announced as above recorded.

On motion of Mr. FULLER, a motion to reconsider the vote whereby the resolution was agreed to was laid on the table.

Mr. O'CONNOR. Mr. Speaker, I move that House Resolution 119 be laid on the table.

The motion was agreed to.

LOANS TO HOME OWNERS

Mr. STEAGALL. Mr. Speaker, I wish to ask the gentleman from Massachusetts [Mr. LUCE] if we may not agree on time for general debate on the bill (H.R. 5240), the home-mortgage relief bill. What time would be satisfactory?

Mr. LUCE. It is now after 4 o'clock and manifestly we cannot conclude the consideration of the bill today.

Mr. STEAGALL. I will say to the gentleman that it is my purpose, after we agree upon the time, to move to adjourn and take the bill up tomorrow.

Mr. LUCE. That is agreeable to me.

Mr. STEAGALL. Will the gentleman agree on one hour and a half of general debate?

Mr. LUCE. The bill is long, and there will be ample opportunity to consider it under the 5-minute rule. Therefore, I think an hour and a half for debate will be ample.

Mr. COCHRAN of Missouri. Reserving the right to object, when the bill is under consideration under the 5-minute rule will the gentleman agree not to cut off debate?

Mr. STEAGALL. I could not do that, but I will say that there is not the slightest desire to preclude proper consideration of the bill. If there were, we would not be here asking for an agreement. The bill will be open for amendment under the 5-minute rule. The bill is not very controversial—there are only 2 or 3 provisions that will provoke controversy. I hope the gentleman will agree to an hour and a half.

Mr. COCHRAN of Missouri. With that assurance, I am willing to agree to an hour and a half, but I want to tell the gentleman that there should be something in this bill of value to the home owner when it is passed. There was a political fraud perpetrated in the last Congress when the home-loan bill was passed, and we want this bill worded in such a way that the forgotten man in my State will have his home saved and his property rights conserved. I

offered an amendment in the form of a bill providing for an 80-percent loan to home owners direct, and I could not get a hearing before the gentleman's committee. I want to see this bill worded in such a way that the people of my city who are having property taken away and can get no redress will have an opportunity to get something from the Government of the United States as citizens of other sections of the country have received assistance.

Mr. STEAGALL. So far as the former legislation is concerned the gentleman knows as well as I do, and the older Members of the House understand the circumstances under which that legislation was passed. I was not very much more enthused over it than was my friend. We passed that bill finally an hour before adjournment on the last night of the session. The fight was carried on until that hour.

Mr. COCHRAN of Missouri. Is the gentleman enthused over this bill?

Mr. STEAGALL. Even though the original bill fixed the valuation for loans at 40 percent, the gentleman yesterday complained that no loans had been made under it. I will ask the gentleman if he thinks any more loans would have been made if the limit had been raised to 80 percent.

Mr. COCHRAN of Missouri. That was the trouble. The home-loan board absolutely refused to recognize the individual. That is where the trouble was. Congress wanted the individual recognized, but the bank board did not. You are repealing that paragraph in this bill. Section 3 repeals that paragraph in the existing law.

Mr. LUCE. Mr. Speaker, will the gentleman from Missouri [Mr. COCHRAN] let me suggest to him that the matter about which he wishes to call attention concerns a section of the bill which will be reached for amendment. If his argument is delivered in general debate, it will stand very much less chance of convincing Members than if made at the time when the section is reached. The general debate should be devoted to the general principles of the bill, and it strikes me that that ought to be devoted to the general principles of the bill. I think we can dispose of that in an hour and a half, and get through with the bill tomorrow afternoon.

Mr. COCHRAN of Missouri. I thank the gentleman. I agree to 1½ hours, but I hope we will not be cut off under the 5-minute rule.

Mr. BRIGGS. An hour and a half on a side?

Mr. LUCE. No; an hour and a half altogether.

Mr. BRIGGS. Is that going to allow members of the committee time enough to answer questions put by Members of the House? The trouble with some of these great bills that come before us is that Members frequently never get a chance to get any information, because the speakers at the moment say that they have only 5 or 10 minutes and they have to hurry along. What the House wants in respect to some of these bills is some information from the committee which has been studying the subject for weeks.

Mr. LUCE. It is my own disposition to answer every question that may be asked.

Mr. BYRNS. Does not the gentleman from Texas appreciate the fact that he will get infinitely more information when the bill is being discussed under the 5-minute rule than when under general debate, which is attended probably not by more than one fourth or one third of the Members?

Mr. BRIGGS. That has not been my experience about these bills. I know that the time is very frequently taken up by people who talk under the 5-minute rule, who have not been identified with creating the bill at all, when Members have not time enough to ask the chairman of the committee something about the bill.

Mr. DE PRIEST. Is the general debate to be confined to the bill?

Mr. STEAGALL. I meant my request to be so worded.

The SPEAKER. What is the gentleman's request?

Mr. STEAGALL. That general debate be limited to an hour and a half and be confined to the bill.

The SPEAKER. The gentleman from Alabama asks unanimous consent that general debate on the bill be limited to one hour and a half, to be confined to the bill, to be divided equally between himself and the gentleman from Massachusetts [Mr. LUCE]. Is there objection?

There was no objection.

ENROLLED JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J.Res. 135. Joint resolution to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes.

ADJOURNMENT

Mr. STEAGALL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 10 minutes p.m.) the House adjourned until tomorrow, Thursday, April 27, 1933, at 12 o'clock noon.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Foreign Affairs was discharged from the consideration of the bill (H.R. 5161) for the relief of Wiener Bank Verein and the same was referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. VINSON of Georgia: A bill (H.R. 5262) to authorize the President to suspend or reduce extra pay for aerial flights; to the Committee on Naval Affairs.

By Mr. WOOD of Georgia: A bill (H.R. 5263) to amend the Revenue Act of 1926, as amended; to the Committee on Ways and Means.

By Mr. ROGERS of Oklahoma: A bill (H.R. 5264) to provide relief from unemployment and to prohibit Government participation in business relative to the manufacture and sale of printed envelopes and other printed matter in competition with private enterprise; to the Committee on the Post Office and Post Roads.

Also, a bill (H.R. 5265) to amend the Revenue Act of 1932 with a view of taxing liquid malt, malt sirup, and malt extract, fluid, solid, or condensed, made from malted cereal grains, in whole or in part; to the Committee on Ways and Means.

By Mr. EDMONDS: A bill (H.R. 5266) to amend section 4548 (U.S.C., title 46, sec. 605) of the Revised Statutes of the United States; to the Committee on the Merchant Marine, Radio, and Fisheries.

By Mr. WILCOX: A bill (H.R. 5267) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mrs. NORTON (by request): A bill (H.R. 5268) to regulate the business of insurance in the District of Columbia, appertaining to persons; to the Committee on the District of Columbia.

By Mr. MARTIN of Oregon: A bill (H.R. 5269) to increase the efficiency of the Veterinary Corps of the Regular Army; to the Committee on Military Affairs.

Also, a bill (H.R. 5270) giving credit for water charges paid on damaged land; to the Committee on Irrigation and Reclamation.

By Mr. LEWIS of Maryland: A bill (H.R. 5271) giving the protection of the law to the worker's right to work and to a just share of the employment available, forming trade associations to stabilize business, and to provide unemployment

insurance, etc., and imposing certain excise taxes, with privilege drawback; to the Committee on Ways and Means.

By Mr. McCORMACK: A bill (H.R. 5272) to amend the Revenue Act of 1932; to the Committee on Ways and Means.

By Mr. MARTIN of Oregon: A bill (H.R. 5273) to amend Pubilc Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian Land; to the Committee on Indian Affairs.

By Mr. SIROVICH: Resolution (H.Res. 121) providing for the consideration of House Resolution 95; to the Committee on Rules.

By Mrs. NORTON: Resolution (H.Res. 122) to permit the subcommittee of the Committee on the District of Columbia to sit during recess of Congress, and for other purposes; to the Committee on Rules.

By Mr. WOODRUM: Joint resolution (H.J.Res. 164) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H.R. 5274) to allow credits in the accounts of certain disbursing officers of the Bureau of War Risk Insurance, Federal Board for Vocational Education, and United States Veterans' Bureau (now Veterans' Administration); to the Committee on Claims.

Also, a bill (H.R. 5275) authorizing adjustment of the claim of the Pennsylvania Railroad Co.; to the Committee on Claims.

Also, a bill (H.R. 5276) to provide for the reimbursement of certain enlisted men and former enlisted men of the Navy for the value of personal effects lost, damaged, or destroyed during a hurricane in Samoa on January 15, 1931; to the Committee on Claims.

Also, a bill (H.R. 5277) to provide for the reimbursement of certain enlisted men and former enlisted men of the Marine Corps for the value of personal effects lost, damaged, or destroyed by fire at the Marine Barracks, Quantico, Va.; to the Committee on Claims.

Also, a bill (H.R. 5278) to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army; to the Committee on Claims.

Also, a bill (H.R. 5279) for the relief of certain disbursing officers of the Army of the United States, and for the settlement of individual claims approved by the War Department; to the Committee on Claims.

Also, a bill (H.R. 5280) for the relief of certain disbursing officers of the Army of the United States, and for the settlement of individual claims approved by the War Department; to the Committee on Claims.

Also, a bill (H.R. 5281) to provide for the reimbursement of certain civilian employees of the Naval Operating Base, Hampton Roads, Va., for the value of tools lost in a fire at Pier No. 7, at the naval operating base, on May 4, 1930; to the Committee on Claims.

Also, a bill (H.R. 5282) authorizing adjustment of the claim of Schutte & Koerting Co.; to the Committee on Claims.

Also, a bill (H.R. 5283) for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes; to the Committee on Claims.

Also, a bill (H.R. 5284) for the relief of the Playa de Flor Land & Improvement Co.; to the Committee on Claims.

Also, a bill (H.R. 5285) for the relief of Weymouth Kirkland and Robert N. Golding; to the Committee on Claims.

Also, a bill (H.R. 5286) for the relief of the heirs of Burton S. Adams, deceased; to the Committee on Claims.

Also, a bill (H.R. 5287) for the relief of Don C. Fees; to the Committee on Claims.

Also, a bill (H.R. 5288) for the relief of Lieut. Col. Russell B. Putnam, United States Marine Corps; to the Committee on Claims.

Also, a bill (H.R. 5289) for the relief of Capt. George W. Steele, Jr., United States Navy; to the Committee on Claims.

Also, a bill (H.R. 5290) for the relief of Jasper Daleo; to the Committee on Claims.

Also, a bill (H.R. 5291) for the relief of Robert D. Baldwin; to the Committee on Claims.

By Mr. TOBEY: A bill (H.R. 5292) granting an increase of pension to Ianthe S. Webber; to the Committee on Invalid Pensions.

By Mr. CADY: A bill (H.R. 5293) for the relief of Leslie E. Drake; to the Committee on Claims.

By Mr. CUMMINGS: A bill (H.R. 5294) granting a pension to Margaret M. Boardman; to the Committee on Pensions.

By Mr. FREAR: A bill (H.R. 5295) granting a pension to Mary E. Grinnell; to the Committee on Pensions.

By Mr. GRANFIELD: A bill (H.R. 5296) granting a pension to Peter Koutsaymanes; to the Committee on Pensions.

By Mr. JOHNSON of Minnesota: A bill (H.R. 5297) to provide for the carrying out of the award of the National War Labor Board of April 11, 1919, and the decision of the Secretary of War of date November 30, 1920, in favor of certain employees of the Minneapolis Steel & Machinery Co., Minneapolis, Minn.; of the St. Paul Foundry Co., St. Paul, Minn.; of the American Hoist & Derrick Co., St. Paul, Minn.; and of the Twin City Forge & Foundry Co., Stillwater, Minn.; to the Committee on War Claims.

By Mr. JOHNSON of West Virginia: A bill (H.R. 5298) granting a pension to J. E. Barrows; to the Committee on Pensions.

By Mr. KEE: A bill (H.R. 5299) for the relief of Orville A. Murphy; to the Committee on Claims.

By Mr. KELLY of Illinois: A bill (H.R. 5300) granting a pension to Joseph J. Mann; to the Committee on Pensions.

Also, a bill (H.R. 5301) for the relief of John Brown; to the Committee on Claims.

By Mr. LAMBETH: A bill (H.R. 5302) granting a pension to Addie C. Valley; to the Committee on Invalid Pensions.

By Mr. SMITH of Washington: A bill (H.R. 5303) for the relief of Samuel Poston; to the Committee on Military Affairs.

By Mr. TOBEY: A bill (H.R. 5304) for the relief William W. Judd; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

729. By Mr. BEITER: Petition of Board of Supervisors of Erie County, Buffalo, N.Y., urging support of pending legislation providing for the relief of home owners whose property valuation is $10,000 or less; to the Committee on Banking and Currency.

730. By Mr. CARLEY: Petition of Gerald A. Fagan, National Motorship Corporation, and others, protesting against enactment of bills H.R. 4599 and 3348; to the Committee on the Merchant Marine, Radio, and Fisheries.

731. By Mr. COLE: Petitions of citizens of Maryland, protesting against the operation of cotton textile mills in the Atlanta Penitentiary, thereby depriving citizens of work; to the Committee on Labor.

732. By Mr. JOHNSON of Texas: Telegram of R. D. Johnson, of Houston, Tex., favoring House bills 5010 and 5079; to the Committee on Interstate and Foreign Commerce.

733. By Mr. JOHNSON of Minnesota: Resolutions unanimously endorsing the Northfield plan; to the Committee on Ways and Means.

734. By Mr. KVALE: Memorial of the Minnesota State Legislature, urging Congress to lower the interest rate in the pending agricultural relief bill to 3 percent; to the Committee on Agriculture.

735. Also, petition of National Association of Postal Supervisors of St. Paul, Minn., Branch No. 104, favoring optional retirement after 30 years' service in Postal Service, and

opposing compulsory retirement; to the Committee on the Civil Service.

736. Also, petition of Railway Mail Post, No. 23, American Legion, Department of Minnesota, favoring enactment of legislation to place first-, second-, and third-class postmasters under the Civil Service rules; to the Committee on the Civil Service.

737. Also, petition of St. Paul (Minn.) Division of Railway Conductors, opposing consolidation and curtailing of train service; to the Committee on Labor.

738. Also, petition of legislative committee, Order of Railway Conductors, St. Paul, Minn., urging retention of manpower and wages for railroads; to the Committee on Labor.

739. Also, petition of Order of Railway Conductors of the State of Minnesota, urging continuance of present service on railroads; to the Committee on Labor.

740. By Mr. WATSON: Resolution passed by Philadelphia Branch, No. 35, National Association of Postal Supervisors, relative to an amendment to the Retirement Act; to the Committee on Appropriations.

741. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, relating to the ratification of the treaty between the United States and Canada for the construction of the St. Lawrence waterway, and appropriation of money by Congress for the completion of said project; to the Committee on Interstate and Foreign Commerce.

742. Also, memorial of the Legislature of the State of Wisconsin, relating to reduction in the expenditures for prohibition enforcement; to the Committee on Appropriations.

743. Also, memorial of the Legislature of the State of Wisconsin, memorializing the United States House of Representatives to promptly enact the 30-hour week bill by Senator BLACK; to the Committee on Labor.

744. By Mrs. ROGERS of Massachusetts: Petition of the City Council of the City of Lowell, Mass., paying tribute to the memory of those who were killed in the *Akron* disaster, and a message of sympathy to the relatives of the deceased; to the Committee on Naval Affairs.

745. By Mr. RUDD: Petition of National Association of Postal Employees, Brooklyn branch, favoring the 30-year compulsory retirement with full annuity; to the Committee on Appropriations.

746. Also, petition of I. Unterberg & Co., New York City, opposing the passage of the Reilly bill, H.R. 3769; to the Committee on Interstate and Foreign Commerce.

747. Also, petition of J. J. Regan, Flushing, Long Island, N.Y., favoring inflation as proposed in Senate amendment to the farm relief bill, without any qualifications or amendments; to the Committee on Agriculture.

748. Also, petition of the Peoples National Bank, Brooklyn, N.Y., opposing the publication of names of banks securing loans from the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

749. Also, petition of National Federation of Federal Employees, Local No. 4, Frank X. McMahon, secretary, New York City, favoring optional retirement of Federal employees; to the Committee on Appropriations.

750. Also, petition of Hamburg Savings Bank, Brooklyn, N.Y., opposing the publication of names of banks which borrow from the Reconstruction Finance Corporation, and the same be discontinued; to the Committee on Banking and Currency.

751. By the SPEAKER: Resolution of the Massachusetts House of Representatives, introduced by Representative Hyman Manevitch, ward 14, Dorchester, Mass., that the General Court of Massachusetts hereby condemns all acts of persecution reported to be committed against the members of the Jewish faith in Germany, and urges the President and the Congress of the United States to present these sentiments to the German Government; this resolution having been adoped by the House of Representatives of Massachusetts, March 31, 1933, and by the Senate of Massachusetts on March 31, 1933; to the Committee on Foreign Affairs.

SENATE

THURSDAY, APRIL 27, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed the joint resolution (S.J.Res. 13) authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed a joint resolution (H.J.Res. 157) providing for the use of water of the St. Lawrence River for the generation of power by the State of New York under and in accordance with the provisions of the Great Lakes-St. Lawrence Deep Waterway Treaty between the United States and Canada, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H.R. 4225. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania; and

H.R. 4332. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at a point near the Forest-Venango county line, in Tionesta Township, and in the county of Forest, and in the Commonwealth of Pennsylvania.

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum and move a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Reed
Ashurst	Costigan	Kendrick	Reynolds
Austin	Couzens	Keyes	Robinson, Ark.
Bachman	Cutting	King	Robinson, Ind.
Bailey	Dickinson	La Follette	Russell
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McAdoo	Stephens
Borah	Fletcher	McCarran	Thomas, Okla.
Bratton	Frazier	McGill	Thomas, Utah
Brown	George	McNary	Townsend
Bulkley	Glass	Metcalf	Trammell
Bulow	Goldsborough	Murphy	Tydings
Byrd	Gore	Neely	Vandenberg
Byrnes	Hale	Norbeck	Van Nuys
Capper	Harrison	Norris	Wagner
Caraway	Hastings	Nye	Walcott
Carey	Hatfield	Overton	Walsh
Clark	Hayden	Patterson	Wheeler
Connally	Hebert	Pittman	White
Coolidge	Johnson	Pope	

Mr. REED. I wish to announce that my colleague [Mr. DAVIS] is still detained from the Senate because of illness.

Mr. BACHMAN. I desire to announce the absence of my colleague [Mr. MCKELLAR] on account of the death of his brother, Mr. R. L. McKellar.

Mr. McNARY. I wish to announce the necessary absence of the Senator from Minnesota [Mr. SCHALL].